DAILY MARKET LETTER

MEMBERS:
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NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.
CHICAGO MERCANTILE EX.

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
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DULUTH BOARD OF TRADE
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FORT WORTH GRAIN AND COTTON EX.

CHICAGO January 2, 1941.

With the passing of the New Year's celebration, the wheat season is half over. Since last July, we have cleared 18 1/2 million bu of wheat and flour, or an average of 712,000 bu per week. As a general rule, the bulk of the business is done during the months after harvest, and we doubt whether the business for the entire year will be double what it has been to date, but possibly we shall ship a total of 30 million bu. This is somewhat higher than the government estimate, but does not radically change any of the statistics with which we have been working. At the present time, there is still an apparent balance for export and carryover of 397 million bu, after making allowance for domestic utilization of 685 million bu, That we shall have a large carryover next July is a foregone conclusion. However, in Canada it will be even worse, since the latter country has exported 15 million bu less than a year ago, with crop and carryover a good deal larger. At the moment, Canada has a balance for export and next carryover of 672 million bu, something which has never before occurred, and suggests that on next August all available space will probably be filled. Therefore, with another crop coming, it remains to be seen how the authorities in that country can handle the situation. Undoubtedly, strict marketing quotas will be resorted to.

There was very little European news over the holiday. The British campaign in Libya was continued. There were a number of air raids, both over London and over Germany, and great fires were reported in Bremen, one of the important seaports.

At home, the Chairman of the Federal Reserve Board placed a new credit control program before Congress, the chief purpose being to terminate the President's authority to devalue the dollar and the power to issue greenbacks. There were other stipulations designed to prevent inflationary measures, but from the White House, there has been no official comment.

30 March 1983

Our market continued in about the same rut as heretofore. There was no pressure from the country, and generally speaking, receipts everywhere were light. However, the weather was extremely satisfactory. There had been moisture in practically all localities and hardly any points were skipped. With the ground soft and in a receptive condition, this is extremely beneficial. The Santa Fe Railroad reported a further improvement in its territory, claiming that the Southwest probably had the best prospects in ten years. The government's weekly crop report was of the same tenor, but in spite of this optimism the new crop futures, if anything, were slightly firmer than was May wheat.

In spite of the claimed improvement in the flour industry, the Northwestern Miller gave spring wheat sales at 49% of capacity during the past week, compared to 41% the previous week, and 25% a year ago. In the Southwest, winter wheat mills did not fare so well, as business was only 36% for the week versus 42% a week earlier, and 63% a year ago. We are not looking forward to any great expansion in the flour trade, as long as May wheat remains at a big premium over July. Nobody will want to carry heavy reserves into the next crop at a loss, and it is hardly likely that purchases will be made except from hand to mouth under such conditions.

Primary receipts were 396,000 bu versus 467,000 bu last week, and 311,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 365,000 bu.

There was very little feature to the wheat market today; in fact, the trade was rather narrow, and without incentives for making commitments on either side of the market, dullness prevailed. The open interest stays around the 50 million bu mark, and it could hardly be otherwise since a large portion of the reserve remains impounded. At the last May wheat was unchanged.

Corn was slightly on the easy side; colder weather is in prospect, and some believe that this may give us a somewhat heavier movement, with better receipts at terminals; up to now they have been very disappointing considering the size of the crop. The government has given various states allotments for next year's corn acreage; there is very little change in the large producing areas.

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CHICAGO January 3, 1941.

When the volume of wheat trading gets as low as yesterday, with only 6 million bu transacted in the pit, it is difficult to make much comment on grain conditions. The volume of futures trading on the Chicago Board of Trade during 1940 was the lowest in thirty years, and the new year started off without much improvement. Ordinarily when important events are taking place in the world, such as we are dealing with today, markets respond, and one would expect great activity in all speculative circles. England, for instance, is carrying on a great fight for her independence. Enormous sums are being spent in Europe and in America for rearmament. With the new session of Congress about to convene, President Roosevelt is reported ready to ask for an additional $10 billion for defense. That all these matters should go practically unnoticed, and with a reorganization in the French Cabinet also having been reported today, one can only answer that with so many artificial influences, the trade can no longer figure out what effect these various measures will have upon future price developments. If the British blockade were not so effective, and if we could export wheat to various European countries which are in such need of supplies, there would at least be a removal of hedges here daily, and this might give us some impetus. Likewise, if the public had faith in the price, there might be a much larger domestic milling business, which would also be a help; but it seems that with no carrying charge from May to July, despite a prospective carryover that will probably exceed anything we have yet dealt with, the nearby month is maintaining a premium over the new crop futures entirely for artificial reasons.

There is no important pressure upon the markets, and yet an advance of 5 to 10¢ might change these conditions materially, because the weight of supplies would exert its normal force if brought back into normal trading channels. It is true that the government has temporarily lifted values above their merit, but the ultimate problem of consumption has not yet been met; therefore, the day of reckoning is still ahead, particularly if large crops are harvested again next season.

Even the usual statistics are almost ignored, and with a large crop having been raised in the Argentine, little fear is expressed about the possibilities of competition from that source. Broomhall estimates that the wheat surplus in the latter country amounts to about 190 million bu, but, of course, it is a question of getting boats before those supplies will become a burden in international trade. Despite a small crop in Australia, prices declined rather sharply today, owing to the large amount of old wheat that has been carried over into the 1941 season. With an estimated surplus of 90 million bu, they will have great difficulties also in clearing their excess supplies.

Here at home there is very little change in crop prospects. The weather has turned clear and colder everywhere, practically no snow covering exists, and some fear that freeze damage may take place, but this occurs every year; it is for that reason that we have a certain amount of winter killing and abandonment.

In another week, we come to the calendar period when often a bear market starts. Everything is so different this season that we refrain from making forecasts, at least, until some of the impounded supplies are released. On the other hand, there seems little incentive for making purchases, as there is sufficient free wheat for all immediate needs.

Primary receipts were a little better at 443,000 bu compared with 225,000 bu last week, and 303,000 bu last year. Stocks at Kansas City, Duluth, and Minneapolis show a net decrease of 384,000 bu so far this week. When the visible supply is posted on Monday, it will compare with a decrease last year of 1,354,000 bu.

Our early weakness was short-lived, with some milling business lending support to the market, chiefly for the May delivery, which closed 1/4¢ per bu higher; new-crop months were about unchanged.

Corn was a little easier at times, with the country offering a little more heavily.

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CHICAGO

January 6, 1941.

The fall of Bardia was echoed throughout the world, although the Italian people have not yet learned of their defeat, and presumably the news is to be broken to them gradually. Heavy aerial activity continued over Germany, with Bremen and Hamburg standing the brunt of the damage, while bombings over England were less intense, and with spotters stationed on practically every tall building, fires were quickly extinguished.

The war has been anything but beneficial to wheat prices thus far. Almost everybody was prepared for sharp advances in September 1939, when hostilities commenced. They, of course, had in mind the World War but failed to realize that conditions at present have changed considerably. The allied nations in 1914, including Italy and France, purchased about 160 million bu more wheat than is being bought now by England standing alone in the struggle. Present prices are only a third as high as they were twenty-five years ago, and would be even lower except for the fact that Australia, Argentina and Canada have resorted to a minimum price level, while at home we have continued a loan to farmers in the hope of temporarily getting better returns to the producer. At one time in the last war, some doubts were entertained whether there would be sufficient wheat available to carry the allied nations through to victory. But how different it is today, with virtually every bushel of elevator capacity in Canada taxed and with the British Dominions alone having all the wheat that might be required for a lengthy period of hostilities. Events have cut off the Continent from the Argentine, although there is some talk that permission will be sought from England to ship wheat to Spain. It was only a few weeks ago that the Argentine government was obliged to suspend trading in corn futures, because of the temporary disappearance of Continental markets and a curtailment of British purchases. Thus, the oft-mentioned theory that war is bullish on grain prices has been thoroughly shattered.

Our market was rather firm again, with more hedges being taken out of the pit againstsales of flour. Weather had been more or less satisfactory over the week-end. Some snows had fallen in the Southwest, and more are likely also in the Central States, with somewhat higher temperatures in prospect. Real trading incentives were still lacking, and most people figure that if wheat prices should advance 5 to 10¢ a bu, heavy redemptions would take place. With a prospective carryover of 375 to 400 million bu of wheat, actual statistics are still very bearish.

Primary receipts today were slightly better at 435,000 bu versus 362,000 bu last week, and 406,000 bu last year. When the visible supply of wheat was posted, it showed a decrease of 1,723,000 bu. Total stocks in all positions amount to 146,815,000 bu, or approximately 29 1/2 million bu more than was on hand a year ago. Chicago was practically a standoff, with somewhat less than 12 million bu at this market.

There was very little feature to our market, and during the first three hours of trade volume was lighter than anything that we have had during a similar period for sometime. Aside from flour sales there was also firmness in lard, soybeans, and corn, which tended toward making sentiment a little more friendly, but outside buying orders were not forthcoming.

President Roosevelt in his annual message to Congress, stressed our action and our policies, which were based on decent respect with relation to foreign, as well as domestic affairs, and also stated that justice of morality would win in the end.

Corn was fairly firm; the visible supply decreased nearly one-half million bu, which is quite unusual during the early part of January. Furthermore, today's primary movement was only half of what it had been a year ago; this is ordinarily the period of accumulations. Weather, however, is now more favorable for a heavier run from the country.

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CHICAGO January 7, 1941

The President's message to the Congress yesterday, asking for billions in war aid and preparing the people for heavier taxes, had very little effect either upon New York securities or upon the grain markets. The truth of the matter is that all these measures had already been expected, and consequently, there were no surprises.

There was virtually no news from Europe. It seems that unfavorable weather hampered both German and British fliers last night, and there was little damage to property, as only individual planes were out on bombing expeditions.

As we mentioned in our letter yesterday, when hostilities started, the grain trade had fully expected that prices might duplicate their course in previous wars. It has become increasingly evident why this has not been the case. There has probably never been a war before in history where the power of aggressor governments was able to restrict consumption as heavily on the home front, and possibly this has been taking place even to a greater degree than military consumption has expanded it. We understand from a party who recently returned from Europe that food rationing has been so severe in Germany that the average American would be shocked at the daily diet of the civilian population. This, of course, is understandable since both Germany and Italy depended upon overseas shipments for a fair proportion of their foods and feeds in previous times. A few weeks ago, there was some talk that Spain might come to this country for her wheat supplies, but at the present time she is negotiating for the purchase of 12 million bu of Argentine wheat, and it is quite likely that this trade may be consummated if Britain permits ships to make the haul.

From a statistical point of view, we see very little change in the picture, and with the Southern Hemisphere crops being gathered, there should be no changes of consequence until growing weather in this country gives us a better idea as to what we may expect from the winter wheat crop. The Canadian visible increased again to 494 million bu, which is an all-time high record. Overseas shipments, including flour, amounted to only 1,358,000 bu last week, and since August 1st, less than 40 million bu has been cleared. In this country, it is reasonable to suppose that with average weather and normal conditions, we may have a total wheat production next summer of about 830 million bu. This would give us a surplus of 130 million bu over domestic use. Should we find the same difficulty in exporting during the 1941-42 season, then, of course, supplies would pile up on such a vast scale that new and pressing problems would naturally confront us.

The President in his budget message has broken precedent by asking Congress to appropriate $212 million for farmers' parity payments. However, it seems that he is simply making allowance for this expenditure, as the same amount of money was previously voted even when it was omitted from the original draft. That the same concession is to be continued to the farmers is not surprising but merely confirms the belief that possibly the various benefit payments and parity funds will remain a part of the Administration's farm program. December 31st was the final date for making wheat loans on this season's wheat crop. However, the government's figures are not fully compiled and there may be slight increases to the 271 million bu recently claimed to be impounded. During the week, the only substantial increase was in the four important Northwestern States; elsewhere, farmers added only small quantities to the frozen supplies.

Primary receipts were somewhat lighter -- 320,000 bu versus 443,000 bu last week, and 373,000 bu last year. Kansas City and Minneapolis stocks showed a total decrease of 258,000 bu. There were small liquidating orders in the pit when lard, soybeans and corn reacted. However, the volume of trade continued very light, and at the last, May wheat showed a decline of 3/4¢ a bu, while the July declined 1/2¢ a bu.

Corn was a shade easier, influenced by slightly larger primaries. Bookings are also better, and while there is no material pressure upon the market, some believe that recent advances may have been too rapid.

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CHICAGO Jan. 8, 1941.

Ten years ago the public debt stood at $16 billion. Ever since that time receipts have failed to cover federal expenditures, despite successive increases in tax rates and receipts to the highest level ever reached. In the President's budget message to the Congress today, he has asked for $17 1/2 billion, intimating that more funds would be needed a little later to include British aid. We are living in different times, when large figures sometimes lose their significance, but, nevertheless, the interest charge alone last year on the public debt was in excess of $1 billion, a figure which is half again as large as total government expenditures for all purposes prior to the World War.

Obscured because of defense and rearmament discussions at Washington, agriculture has not received very much attention lately, but yet, there are many plans for the future. It was stated today that the Department of Agriculture wanted to bring production more into line with smaller foreign markets. Exports of farm products have been sharply reduced, owing to the war, and the American Farm Bureau Federation at its annual meeting in December asked for more, not less, government aid. While there has been no action thus far undertaken, it was suggested that a voluntary plan might be adopted for buying reductions in acreage, looking forward to further cuts than we have had up to this time. Of course, the winter wheat crop has already been planted and it is not likely that money would be paid out to plow up land, but there is the possibility that spring wheat acreage might be reduced. These payments would not in themselves be sufficient but might be coupled with a continued loan program at about the current rate. In any event, there is nothing very definite at this writing.

The announcement that the deficit for 1941-42 might run as high as $9 billion brought inflationary thoughts to the foreground again; the stock market firmed, and commodities likewise sympathized for a time, although there was no heavy amount of speculative trading anywhere.

Generally speaking, weather continues favorable over the winter wheat areas. This is confirmed today by the government weekly weather and crop report. Abnormally low temperatures a few days ago apparently did not do any harm, although snow covering was not adequate in some sections. There has been some talk that the Argentine crops sustained damage due to excess of moisture, but this had practically no effect marketwise.

There was nothing very startling from Europe, and the Balkan situation is status quo. When no invaders appeared in Bulgaria up to noon, the crowds dispersed, and the nation accepted this condition very calmly. The Premier of that country will address the nation next Sunday to explain government policies.

Statistics today were relatively unimportant; primary receipts of wheat were rather light, at 296,000 bu; a week ago there was a holiday; last year they amounted to 239,000 bu. Kansas City and Minneapolis stocks so far this week show a decrease of 600,000 bu.

Despite great events that are taking place in the world, we find that trade volume here is small, possibly about the same as yesterday when about 8 million bu of wheat were traded in the pit. There was not even much spreading between various months. After an early buying spurt, great indifference set in; failure of the market to advance, and lack of outside buying orders caused some liquidation, with last prices unchanged for the May delivery, while July wheat declined 1/8¢ per bu.

Corn yielded ground. The country was reported a better seller, and the quality of the grain this year is such that it cannot be carried as easily in the iron bins. Of course, the farmer has several months yet to decide whether he shall merchandise or accept the loan. Therefore, we are apt to have periods of great uncertainties.

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CHICAGO January 9, 1941.

At the present time, one of the great difficulties in the world wheat situation is the one of distribution. Everybody knows that with shortages in Europe, if the war were to terminate immediately, there would be a greater expanded buying, even assuming that many countries are without the financial resources to take on their full requirements. Undoubtedly, the Red Cross and other charitable organizations, with the large surpluses in North America, would come into play. There is also an acute shortage of wheat in China, Japan, and Manchuria as a result of official control measures, which have reduced the movement of wheat to market, and also the increased use of wheat as a substitute for rice. The crop of the three countries just named totaled about 800 million bu, and probably considerable flour would be taken by China if shipping facilities were available. There have recently been some sales made to the Orient by Canada, owing to the fact that Australia was unable to get boats. Some of the sales might have been made by the United States if our price had been more in line. There are, of course, monetary problems, and the shortage of foreign exchange prevents heavy importations.

We hear from Washington that under the various agricultural proposals, further acreage reductions may be sought. In our opinion, this would, indeed, be a very dangerous policy to pursue. One forgets quickly what has happened in the past, but it was not so long ago that we went through a great drought cycle, and, of course, there is no guarantee that it may not be repeated as time goes on. In the five-year period, 1933-37, the winter wheat crop in this country averaged only 497 million bu. Spring wheat crops were almost as poor, and yielded on an average 144 million bu; therefore, our total production during those years of drought amounted to only 641 million bu per year. This is less than domestic consumption at the present time, and had it not been for the fact that we had large carryovers that accumulated previously, there might have been the need for heavy importations. Consequently, we say that simply because last year's yields were 816 million bu, and because there is another good crop in prospect, it is very hazardous to cut acreage too sharply, due to the fact that nobody on earth is in a position to control the yield per acre. The problem, as we see it, must finally be attacked from a consumptive angle, although we admit that for the time being, many of our foreign markets have been lost to us.

Since last August, total world shipments to Europe are 77 million bu smaller than a year ago, while ex-European nations have taken 4 million bu less. These computations exclude Australia, and on account of censorship, we are unable to write the full story. However, the showing has not been overly good, as world shipments have averaged less than 5 million bu per week, and we would practically have to double the clearances from now until the end of the crop-year to attain some of the optimistic figures which were thought likely earlier in the season for world requirements. The worst situation, of course, is in Canada, where shipments are 14 million bu smaller than the season earlier, and there is still a balance for export and next carryover of 670 million bu. In twenty-seven weeks, we have cleared about 18 million bu of wheat and flour from the United States; therefore, we see little reason to change our previously expressed opinion that the reserve stock next July will be a very large one.

Primary receipts today were 347,000 bu; this compares with 396,000 bu last week, and 518,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 930,000 bu.

Trade was rather small; the open interest is less than 49 million bu, which is the lowest on record. Trading incentives are lacking, and most people fear that on a sharp advance redemptions will take place. May wheat closed 1/4¢ per bu higher; the July future was up 3/8¢ per bu.

Corn was again pretty much neglected. There is no immediate trend to this cereal either, as no one ventures far from shore, with so many artificial influences on the horizon.

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CHICAGO January 10, 1941.

Important events in the world today received just passing attention, and even those that are widely discussed on one day, are more or less forgotten the next. The budget message a few days ago to the Congress bore certain inflationary tendencies --enough to scare some people, with the biggest federal deficit yet in sight, but there seems to be very little official worry, and the trade is making but slight preparation. It is true, the stock market has had a rather firm undertone, but this may also have been for other reasons, owing to the fact that industrial operations in this country are at a very high rate, and with a great prospect that they may work still higher in 1941. Many industries are producing for defense needs, which means expansion for still greater production, and thus buying power is being lifted. Whether this will have much of an influence upon surplus commodities remains to be seen.

Administration leaders want the President to have important additional power to sell, transfer, exchange, or lease any defense articles that at his discretion he may deem advisable; and so, we shall be busy for some time in the manufacture of these articles, both for home use and for Britain.

Ordinarily, January 10th is the calendar date when wheat should be sold. It is not mere superstition that this day is selected for the beginning of bearish operations. In normal times, Argentina and Australian pressure becomes very heavy by now and large clearances take place until the middle or end of March. Also, we find a more or less indifferent milling demand at home and a period free from crop scares until the season advances further. However, these are not normal times, and one must face realities. Argentine shipments this week were only 624,000 bu compared with more than 3 1/2 million bu in 1940. While we do not have Australian figures, we are convinced that, owing to shipping difficulties, the volume of business must be small. Ordinarily, there is a large open interest in wheat at this season of the year. Just the reverse is true now; therefore, no important liquidation is in sight.

We do, of course, have another important situation facing us at the present time: namely, the tremendous overhanging supplies that might be released if wheat prices advance to a point at which the farmer would liquidate his federal indebtedness and place his wheat into the regular trade channels. In this connection, it might be interesting to figure out which of the impounded wheat would be liquidated first. It is our impression that with prices at Kansas City and Chicago nearer to the loan level than they are in Minneapolis, the spring wheat, which is now frozen, would be the last to be redeemed. Possibly this is the reason for the greater strength recently at Minneapolis, where the loan price is 87¢ per bu compared to 81¢ in Chicago. Then too, the better milling demand during the past few weeks has also been of some help in that May wheat hedges were lifted in the Northwest.

Primary receipts today were 393,000 bu vs 443,000 bu last week, and 355,000 bu last year. Stocks at Kansas City, Duluth and Minneapolis show a net decrease so far this week of 1,138,000 bu. We expect a fair-sized shrinkage in the visible supply on Monday; it will compare with a decrease last year of 3,406,000 bu.

Trade today was again light, and the open interest in all wheat contracts has declined to 48 1/2 million bu, which is the smallest on record. There seem to be no immediate incentives, but it is our opinion that for the time being sales on bulges will prove profitable.

There has been little additional precipitation over the winter wheat areas, but comment in most quarters is still optimistic regarding a satisfactory to excellent condition in most parts of the Southwest.

At the last there was very little change from the previous session. May wheat lost on the more deferred months, and was 1/8¢ per bu lower; the July delivery advanced 1/4¢.

Corn continued to be neglected; quotations were within a very limited sphere, and, of course, this is not conducive to getting outside interest in our market.

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CHICAGO January 13, 1941.

Bulgaria seems more intent upon preserving her neutrality and is resisting German pressure. Apparently, if invaded, Turkey would join the allied cause. Meanwhile, the British have the African situation well in hand, and it seems just a question of time before the Italians at Tobruk will be either blasted or thirsted out of their position.

When our market opened this morning, there was very little change. Statistics on Saturday had received a little more attention, and with practically 284 million bu of wheat remaining on farms, or 34.8% of last season's production, it clearly demonstrated that there are ample supplies still to come forward, if conditions are right. In former times, we figured that about 17% of the crop remained on the farms March 1st; therefore, the present situation is a rather unusual one, since there is more wheat held back for the period of the year than at anytime that such estimates were available, excepting in 1932, when about 322 million bu were in the hands of producers. Even assuming that 275 million bu of wheat may remain impounded for sometime to come, there are still ample supplies of free wheat. During the past week or ten days, the movement from the country was a little larger, thus giving reason to believe that with a final carryover of close to 400 million bu, and 300 million bu tied up by various governmental agencies, there will be no acute shortage from a consumptive point of view. There are a few small lots of loan wheat being released, and this is made possible by the fact that at Chicago, for instance, both No. 2 hard and 2 red are bringing good premiums of about 5 to 5 1/2¢ over the May. So with a price for cash wheat of about 92¢, the farmer could pay off his federal obligation, even with accrued charges, and still have a small profit. The same condition may have existed elsewhere, although the quantities that were actually redeemed were small.

World wheat shipments, exclusive of Australia, were less than 3 1/2 million bu this week compared with 7 1/2 million bu a year ago, at which time Australian clearances were also lacking. This shows the extent to which the blockade has become effective, and since July 1st, wheat and flour shipments total only 150 million bu vs. 257 million bu the season earlier.

There are only a minimum of complaints being received from the winter wheat districts. Additional rains occurred over the weekend, with a prospect of more to come. More than normal rainfall has been received to date this season in Kansas and Nebraska and throughout the West Coast area. However, in the soft winter wheat areas of Ohio, Indiana, and Illinois, considerably less than usual rainfall has been received.

The primary movement today was a little better at 619,000 bu, compared with 435,000 bu last week, and 486,000 bu last year. When the visible supply of wheat was posted, it showed a decrease of 2,323,000 bu. Total stocks are 144 1/2 million bu against 113,869,000 bu in 1940. Chicago stocks decreased 172,000 bu, leaving 11,709,000 bu in this market.

There was very little feature to the market; at times a little more pressure was discernible, but no liquidation of importance. Therefore, with a few buying orders coming into the pit, final prices were little changed from the previous session, May wheat closing 1/8¢ per bu higher, while the July future advanced 1/4¢ per bu. There was a slight narrowing between the May and the July, although at 4 3/8¢ difference cash interests apparently were willing to change over hedges to the more deferred months.

Corn was a shade easier, but trade was light. The visible supply decreased 1/2 million bu showing there has been no accumulation of free supplies. Today's primary movement was larger and amounted to 1,356,000 bu; therefore, if some of the damp corn is put on the market we might have a little change in the situation, particularly with relationship to the May delivery and the later months.

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CHICAGO Jan. 14, 1941.

Heavy aerial combat was experienced last night, with Plymouth being showered with incendiary bombs and high explosives by the thousands. At the same time, R. A. F. operations on German submarine bases in France were heavy, and the recent assaults have been sufficiently destructive that in some cases airplane bases had been moved 50 miles inward, because of the devastation at coastal points. Meanwhile, food shortages in parts of Europe are becoming acute. Bread rations in Belgium, France and the Netherlands are being reported, and in Belgium, for instance, those who drink beer must give up some of their bread tickets, since the civil population is not entitled to enjoy both of these items.

We hear very little as to what percentage of the boats laden with grain are arriving in England, but it was stated late yesterday that British shipping losses were very much lower for the week; in fact, it was one of the best seven-day periods since last May.

Anyone in this country, who lives in the belief or hope that normal life can be resumed once the war is over, may be doomed to disappointment. If for no other reason, the governmental expenses of the United States would probably be continued for the defense of American freedom and democracy, and thus, we are destined for periods of staggering expenditures, and possibly deficiencies, in comparison with all previous periods of time. Even before defense and armament preparations were being made, we had approximately 4 1/2 million persons in the United States employed in governmental service. This included federal, state, and local offices. The annual payroll to these persons exceeded $6 billion per year, which was more than the total income to agriculture during the depression era. Even now, when agricultural income has been boosted to nearly $9 billion, including the various bounties and governmental payments, one can recognize what vast sums are being paid to officeholders in various parts of the country. This, together with all the other necessary commitments into which we have entered, can only mean debt and taxes far beyond the production of new wealth for many generations to come.

There was very little in the wheat situation today; consequently, fluctuations were again within narrow limits. A decrease of about 1 1/2 million bu in the Canadian visible supply was noted (and was the first one in weeks), but total stocks are close to the half-billion-bushel mark, something never before attained. Overseas shipments of Canadian wheat last week amounted to about 3 1/4 million bu, which was an improvement over shipments of previous weeks.

Weather in our country was entirely satisfactory. Many southwestern sections reported copious rains, which, indeed, are good for conditioning soil, and this should promote a wonderful start for the plant when it emerges from hibernation in the spring.

On basis of the January 1st farm reserves, which amounted to nearly 284 million bu, even deducting about 50 million bu, which would represent the impounded wheat on farms, there would still be a prospectively larger quantity to come forward than in ordinary times. Therefore, it can be realized that, despite the artificial situation, there is no immediate tightness of free supplies.

Statistics had no effect marketwise, although primary receipts continued larger, at 629,000 bu vs. 320,000 bu last week, and 363,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 136,000 bu.

Our market was a little weaker for the deferred months, possibly influenced by good weather. However, May wheat was relatively firmer, and there is not enough pressure yet from receipts to weaken the cash basis to any extent. At the last May wheat was 3/8¢ per bu higher, while July wheat declined 1/8¢. The open interest declined to 48 million bu, which is a record low.

Trade in corn was likewise light. However, the market was firm; hogs have advanced for several weeks now, which has lent some encouragement to the belief that this may be beneficial to corn prices. The main influence, of course, is the artificial element caused by the high loan.

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CHICAGO January 15, 1941.

Weather during January has been quite favorable everywhere for the general condition of winter wheat, and many reports tell us that the plant has been fully maintained, or in some places even improvement is noted since December 1st, due to mild temperatures and possibly a minimum amount of winter killing.

On the other side of the water, weather is being watched even more closely, because of its application to bombing activities. Apparently, bad flying weather was responsible for fewer raids; consequently, a lesser damage.

While markets are so very dull, it is sometimes wise to check up on the general outlook to see if anything has escaped the attention of the trade. We still feel that, while great individual suffering is being experienced in many European countries owing to lack of adequate food supplies, the main trouble still is one of distribution. The world carryover last August made a new record, but contrary to some opinions, the heavy surpluses were not entirely in the largest exporting countries. In the lower Danube, for instance, the wheat carryover was 85 million bu, which was the largest in history, and likewise, the wheat carryover in Europe (ex-Danube) was 440 million bu, which is a larger quantity than had ever been attained in the past. The great difficulty, of course, in account of war is to get the wheat from the surplus to the deficiency countries, and we find that total world shipments to Europe since August are about 80 million bu smaller than they were the season earlier; but the presumption is that many nations had stored away large reserves just in the event of hostilities. Under the recent trade pact between Russia and Germany, the former country is to send wheat, oil, cotton, and other articles to Germany in return for industrial machinery. Just to what extent this can be accomplished, is still a mystery, although last December, it was officially reported that the U.S.R.R had gathered a good crop; in fact, the best since 1937. Whether we can rely upon this claim remains to be seen, as a trade mission from Soviet Russia is now reported enroute for Buenos Aires to make wheat purchases. True, no official announcement was made, but private sources believe that possibly Russia is planning to transship Argentine wheat to Germany to help fill new trade pledges.

The Argentine has raised a very large crop, although the second estimate is for 270 million bu, which is a reduction of about 23 million bu from the earlier figure, and it seems that the heavy rains of late December affected both quantity and quality. Ordinarily, a fair amount of Argentine wheat is exported to neighboring countries, but this year Peru is negotiating with Canada for the sale of cotton and sugar in exchange for Canadian wheat. During the past year, Peru took nearly 5 million bu of Argentine wheat. Thus, it can be seen that many strange events are taking place in the world even amongst non-warring nations.

In this country, much the same tenor of news continues. It is to be noted, however, that despite heavy impoundings, there is considerable free wheat in many surplus states, particularly the larger ones. Kansas farm reserves were recently estimated at nearly 41 million bu. Of this quantity, there was 7,716,000 bu of farm wheat frozen, leaving free supplies of about 33 million bu, or roughly, 27% of the crop. This suggests that there are still fairly large quantities of grain to come forward.

Primary receipts were smaller today at 308,000 bu. However, they compared favorably with those of last week, which were 296,000 bu; a year ago, they amounted to 322,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 505,000 bu.

There was no particular issue today. The deferred months were relatively stronger than the May. The nearby future closed unchanged, while July wheat was up 1/4¢.

Corn was firm and a further rise in hog prices lent some encouragement, as the present relationship between corn and hogs is the best in a long time. Trade, however, was small. Lard, soybean , and oat prices are relatively the highest of anything on our exchange, despite the fact that these articles are not sustained by a government loan policy.

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CHICAGO Jan. 16, 1941.

There was no particular news of importance overnight. The Axis powers claimed certain victories, both in the sinking of enemy ships and also, aerial destruction, while Britain in turn claimed to have sunk two Italian supply ships, several bombers downed, and a heavy raid by long-range bombers in a successful attack on Wilhelmshaven, Germany's greatest naval base.

When our market opened, prices were firm, but there was no real inspiration, and of course, the statistical position is such that most people recognize that supplies are overwhelming and it is only artificial stimuli that prevent the full force from exerting pressure, which might otherwise be expected. In Canada, for instance, the laws of supply and demand have become secondary, and at least for the duration of the war, it appears as though production, distribution, and consumption would be dictated by military rather than economic factors. Since last August,when the Canadian crop season started, shipments of wheat and flour have amounted to only 62 1/2 million bu, a reduction of about 14 millions from the season earlier. Thus, after allowing for home consumption, there is still 665 million bu available for export or next year's carryover, a quantity never before reached in the history of that country. It is true, of course, that Britain is grinding about 70% of Canadian wheat in the flour mix, but with other European markets almost nil at this writing, the English purchases alone are hardly sufficient to be of much help.

The agricultural economy of Australia is not as dependent on wheat production as it is in Canada, but nevertheless, since the first World War, Australia, like Canada, has increased acreage tremendously; also, production and surpluses have become very important in international trade. Therefore, it is rather fortunate that in the present crop-year, yields have been very low, and as a result the immediate necessity for exports is not a pressing matter. During the five years, 1934-39 (and in these calculations we are purposely leaving out the last year, because censorship has prevented us from getting full data), we find that average wheat exports from Australia amounted to about 111 million bu. Of this quantity, more than 43 million bu went to non-European nations, and Australia's position in being able to cater to the Orient was rather favorable, although this has changed to some extent during hostilities, with considerable handicaps now existing owing to the scarcity of boats. Also, the British government, in trying to conserve funds and shipping space, may favor Canada at the expense of others.

There seems to be no change in our own picture. Since July 1st, or for a period of 28 weeks, we have placed only 18 million bu of wheat and flour afloat, which still leaves about 397 million bu for carryover, making allowance for a domestic consumption of 685 million bu. That we shall have a very large reserve stock next July, cannot be questioned under these circumstances, and with the favorable prospects for the next crop, the matter of continuing to please the farmer may not be quite so easy, unless there is some improvement or hope of getting supplies to foreign shores. Washington is listening to various farm leaders, who themselves are divided between the theory of having high commodity loans, or some form of processing tax, under the certificate plan. Having had the experience of loans in so many commodities, one can only say that while it gives temporary relief to the farmer, it does not solve any fundamental problem of getting commodities into consumptive channels. Judging from Secretary Wickard's remarks, he appreciates the situation fully.

Primary receipts were 342,000 bu versus 347,000 bu last week, and 378,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 584,000 bu.

The wheat market was firm at times, and some liquidation was induced by failure of the market to maintain bulges. May wheat closed 1/2¢ per bu lower, and the July future declined 5/8¢.

Corn was firm; the movement is light for the time of the year, and no accumulations of importance are taking place.

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CHICAGO January 17, 1941.

Further moisture was reported over the wheat belt, but aside from that, the market was almost devoid of any grain news. The Secretary of Agriculture released his annual report, and apparently there is full recognition of the many problems that are confronting us, particularly at a time when the export outlook is so poor, and when surpluses at home are piling up. There is some intimation that the domestic agricultural program may have to be changed, and this does not surprise us at all, since the government has so many great problems facing it, with respect to the European situation, that it hardly wants to enter into the business of acquiring huge supplies of cotton, corn, wheat, etc., and then have to meet secondary consequences of merchandising these commodities. They have probably learned by this time that a government loan is not a market, nor does it afford additional consumption, but it simply delays the day of reckoning. It is an uneconomic reservoir in which huge accumulations are impounded. It has lessened domestic utilization of wheat and has placed the market above an export parity, so that even with subsidies, it has been difficult to sell our grain either abroad or to the Orient.

It has also prevented the effective functioning of the futures contract system. This is best illustrated by the fact that the open interest in wheat is about the lowest that it has ever been since records have been kept, and the volume of business on the Board of Trade last year was the lowest in thirty years or more. Thus, it has partially deprived merchants of the ability to insure against unfavorable price changes by means of hedges. The administrative expenses have been high, and while the farmer was afforded temporary relief, it found no solution to the more vital problem of reducing the surplus. We figure that the carryover reserve next July will probably reach the highest figure on record, and apparently, Mr. Wickard, as Secretary of Agriculture, is fully cognizant of this, because his recent speech showed him to be a realist, when he stated that the ever-normal granary program did not supply the answer to the present problems of the producers of wheat, cotton, lard, and tobacco, which have been losing their foreign markets.

Officials of the CCC estimated that they will need at least a $500 million increase, if a higher loan policy is adopted, and there are many who believe this to be unsound as well as uneconomic.

Despite a large crop in the Argentine, shipments this week were only 265,000 bu compared with more than 3 million bu last year; this may be attributable to scarcity of freights.

The outlook is for much lower temperatures, but with the mild weather that has prevailed up to now, soil conditions are exceptionally good, because as the Modern Miller points out, this season has been unusual in that a great deal of moisture has penetrated the soil due to the unfrozen condition, while normally rain or snow received during the winter runs off and is lost. Therefore, a good reserve has been built up.

Primary receipts today were 368,000 bu compared with 393,000 bu last week, and 318,000 bu last year. Kansas City, Duluth and Minneapolis stocks so far this week show a net decrease of 847,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 1,874,000 bu.

There was very little feature to our market, and likewise, very little trade. May wheat was comparatively firm, although few hedges seem to have been taken out of the pit against flour business, and the consumptive demand remains from hand to mouth. Despite weakness in the stock market, prices were pretty well maintained, with May wheat at the last showing an advance of 3/8¢ per bu, while the July future was unchanged.

Corn was barely steady, but there was nothing of interest in the pits. One could only observe that the movement from the country is inadequate, even for current needs at a time when ordinarily stocks are being accumulated.

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CHICAGO January 20, 1941.

There was very little military news from Europe. The meeting between Hitler and Mussolini was surrounded by secrecy, except Berlin reported that a complete agreement was reached by the heads of the two governments at an undisclosed place.

Grain news was likewise colorless. World's shipments were only 3,710,000 bu compared with more than 7 million bu last year, but it seems that outside of North America, clearances are extremely light. Then, also, the Australian shipments are not given publicity, although the same was true in 1940. Argentine has not yet gotten into full swing. Even with shipping difficulties, we are convinced the exports will increase. We figure that on basis of a crop now estimated at 270 million bu, and a carryover of about 15 million bu, even after home requirements of 100 million bu are taken off, reserve stocks are large --probably somewhere in the neighborhood of 185 million bu.

Crop news in this country is satisfactory. There was no further moisture, but on the other hand, no severe temperatures are in sight; in fact, warmer weather is likely.

We believe that anyone interested in agriculture should read the annual report of the Secretary. Any Department, whose personnel increased from 27,350 persons in 1932 to 79,035 persons in 1940, would naturally be expected to accomplish a great deal. Their achievements, as a matter of fact, are related in detail, and likewise some admissions. For example, it states that even with a government loan program, there is still need for a hedging market, because narrow operating margins could not be maintained unless dealers and merchants were protected against even moderate price fluctuations. Mr. Wallace's reference to his own request on May 18, 1940, after the German invasion of the Low Countries, for the establishment of minimum prices is likewise interesting. All contract markets that traded in grain, promptly complied with his wishes, and in his own words, the following quotation is given:

> "The fixing of minimum prices applicable to grain-futures transactions is not an adequate method of sustaining prices over an extended period. If conditions tend toward lower prices for the cash commodity, the minimum prices established for futures trading are soon reached. As a result, all futures trading ceases; yet, trading in the cash commodity must of necessity continue. In the absence of the price protection afforded by the use of futures trading for hedging purposes, cash-grain dealers and processors are reluctant to buy grain except at prices sufficiently below the pegged futures prices to compensate for the enhanced risk incurred in carrying the commodity unhedged. In consequence, the market for the producers' grain is adversly affected."

When the Secretary spoke of raising farm income, he naturally alluded to the stimulation of exports through reciprocal trade agreements, although admitting that these must be held in abeyance for the time being, owing to the war. Experience again had shown that while hostilities continued, it would be difficult for the United States to promote its foreign trade by old-time methods. He, therefore, suggested the possibility of two other principal ways of increasing agricultural prosperity; one was by increased appropriations from the federal treasury in the form of conservation payments, crop adjustment payments, or parity payments; the other was price-supporting action in the market place through various devices.

Primary receipts of wheat were 453,000 bu compared with 619,000 bu last week, and 313,000 bu last year. When the visible supply was posted, it showed a decrease of 2 1/2 million bu. Total stocks are practically 142 million bu, or roughly 30 million bu more than was on hand a year ago. With a small shrinkage at Chicago, we have 11 1/2 million bu remaining here.

Trade was extremely dull, although probably not as quiet as on Saturday when only 3 million bu were traded in the entire wheat pit--possibly a record. With favorable weather and some weakness in soybeans, there were fractional declines, May wheat closing 3/4¢ per bu lower, and the July declined 5/8¢.

Corn was also a shade lower; the primary movement was light, bookings from the country were small, and the farmers seem to be in a holding frame of mind. The visible increased 672,000 bu for the week. This is not much at a time when ordinarily accumulations take plac

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CHICAGO January 21, 1941

There was very little news from Europe overnight. Bad weather kept both German and British planes at home. Visibility was limited to fifty yards over the Dover Straits, and, of course, with such heavy fog, aerial warfare has its limitations. Inspired newspapers in Berlin hint at a new and devastating blow at Great Britain, with the Mediterranean as the first field of activity, resulting in a complete Axis victory.

Grain news was of about the same tenor, and the weather map suggested light but general moisture overnight. It was, therefore, assumed that with precipitation much above normal in so many sections, this was bound to have its effect upon the plant when growing weather set in.

In addition to this, the international wheat picture is extremely bearish, and probably this is the reason that the four large exporting countries have all resorted to artificial stimuli. We refer to Canada, the United States, Argentina, and Australia. In three of these countries, minimum prices were adopted, while at home we have continued a high loan price, which is almost as bad as a fixed price; certainly the results are the same, with accumulations piling up. Owing to the fact that there is a difference of six months in harvest period between Southern Hemisphere crops and our own, in giving the following compilation it was necessary to make certain adjustments. Credit is due to Sanford Evans at Winnipeg, and the Food Research Institute of Stanford University for the tabulation herewith submitted:

	Old Crop Carry-Over Adjusted to August 1, 1940	1940 Govt. Crop Estimates	Total Supplies for 1940-41	Deduct Home Requirements Seed, etc.	Maximum Available for Export & Carryover
Canada	300,741	547,179	847,920	120,000	727,920
U. S. A.	223,000	816,698	1,039,698	700,000	339,698
Argentine	60,000	270,420	330,420	100,000	230,420
Australia	125,000	91,900	216,900	55,000	161,900
TOTAL	708,741	1,726,197	2,434,938	975,000	1,459,938

Thus, it will be seen that these four countries had a surplus of about 1,460 million bu of wheat, with the probability that world's import requirements would not exceed 400 million bu for the current season. Therefore, by next August, it is fair to assume that there would be a billion bu of wheat or more on hand, and should the war continue, prospective requirements would probably not increase any for the 1941-42 season. On the other hand, peace in Europe would very likely create a much larger demand for all foodstuffs, including wheat, so that much depends upon further events abroad.

Both Canada and the Argentine will issue crop estimates later in the day; consequently, some readjustments may be necessary in the figures that we have cited. Even assuming that the report from Buenos Aires reduces the crop further, the Argentine is bound to have her problems. It is expected that Brazil and other neighboring countries may take about 40 million bu of wheat; Spain may take 10 to 15 million bu, and the United Kingdom will always require some Plate wheat to mix with strong Manitobas. This is all on the assumption that tonnage is available, but it still leaves a large quantity to worry about. The present Canadian visible supply of 494 million bu is so huge that it tells its own story.

Primary receipts were 549,000 bu compared with 629,000 bu last week, and 390,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 143,000 bu.

There is a more general recognition that with the bearish statistical news and favorable weather, 80¢ per bu is a pretty high price for wheat, and this has encouraged some liquidation of long commitments, with the result that May wheat declined 3/4¢ per bu; the July delivery, under greater pressure, was 7/8¢ lower.

In corn, bookings from the country were heavier, about 190,000 bu being reported, and there seemed to be a little more pressure on the market. According to the Bureau of Agricultural Economics, disappearance of corn is expected to be considerably smaller during the period of January to September, 1941, than it was a year ago. They also anticipate another record carryover next October. This had a somewhat bearish influence upon the market, although trade was not particularly large.

Rye and soybeans were extremely weak, and buyers were scarce, as liquidation took place.

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CHICAGO January 22, 1941.

At this writing, Tobruk may have fallen to the British, but if true, it is still unconfirmed. However, in the Commons, Prime Minister Churchill stated that extremely important developments were under way in the British drive against Italian East Africa.

Authoritative agencies that are generally successful in reporting on European crop conditions, admit that with censorship in so many countries news is fragmentary. It is a fact that crops obtained a good start in the fall, but weather since that time was variable. At present it is extremely cold and a good deal of abandonment is now feared, so that crops may possibly turn out small, as was the case in 1940. Broomhall reports that alternate freezing and thawing in Western Europe and the Balkans has done some damage, and as a result, high prices for grain rule in Spain, Italy, and Russia.

When our market opened this morning, liquidating orders were small, although the carryover feeling was slightly bearish, partly due to yesterday's decline, and also the fact that both the Canadian and the Argentine reports that were issued late yesterday increased the yields of wheat over previous estimates. The Argentine estimate was for a crop of 275 million bu, although a greater reduction had been expected owing to the fact that excessive rains were harmful just prior to the harvest period. It must now be assumed that the production of this Southern Hemisphere country is very large, since the average for the past five years was only 206 million bu.

In Canada, we are now dealing with a total crop of 551 million bu, which is the second largest on record, and a slight increase over the earlier report. The exports from that country are going largely to the United Kingdom, and are governed mostly by the quantities of shipping available; but, of course, the loss of markets in Europe due to German occupation is affecting all exporting countries adversely. Spain recently purchased Canadian wheat through British sources, but apparently the quantities were insufficient for her needs, as negotiations are now continuing for 12 to 13 million bu of Argentine wheat. In the latter case there are some difficulties, as this business is not being conducted on a strictly cash basis, and no doubt the Argentine government, or the merchants handling the deal, would like a larger cash payment than is being proposed.

Crop news in this country continues highly satisfactory from point of view of moisture conditions. Of course, it will take growing weather before definite conclusions may be reached. However, there is a fair amount of snow protection in many parts of the winter wheat belt. There was again rather general moisture overnight, including Nebraska, which was previously skipped. Texas and Oklahoma were not favored, but in these places moisture was not needed. The outlook is for lower temperatures but no extremes are in sight, and aside from alternate thawing and freezing, conditions are about as good as they have been at any time.

Flour business remains rather dull, and buyers cannot be induced to make large purchases so long as the May wheat remains at a big premium over July. Northwestern sales dropped to 35% of capacity, compared with 65% the previous week, and 58% a year ago. Winter wheat mills sold 41% of capacity, against 42% the week earlier and 49% in 1940, according to a report from the Northwestern Miller. It is probably true that buyers and dealers are not heavily stocked, but we believe it is their intention to buy merely from hand to mouth.

Primary receipts were light at 278,000 bu compared with 308,000 bu last week, and 256,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 380,000 bu.

The volume of trade was smaller than on yesterday; the open interest we observe is at the lowest point on record. The deferred months were the weakest, and there seems to be little speculative enthusiasm with so much wheat in the world, and the knowledge that even the impounded supplies will some day have to come back through regular trade channels. At the last May wheat was 1/4¢ per bu higher; the July delivery declined 3/8¢.

Corn was firm, bookings were lighter, and there was no particular pressure.

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CHICAGO January 23, 1941

General headquarters of the Italian armed forces admitted the fall of Tobruk, and it seems about 30,000 men, or nearly two divisions, were captured. While London was enjoying comparative calm, owing to foggy weather, their own long-range bombing planes did considerable damage during the night on the steel, coal and gas works around Dusseldorf, which is in the center of Germany's industrial area.

Otherwise, there was very little news. We hear so little nowadays of export sales that the trade has hardly any inspiration at the time our market opens, although weather is being rather carefully watched. The official reports were looking forward to the first cold wave of the season, but our own expert saw nothing on the map to indicate zero thermometer readings in the Central States, or in the Southwest, at least for the next 36 hours.

First prices were rather firm, but there was no enthusiasm, and it seems rather difficult to get outside speculative business on the constructive side of the market when most people are warned that the exporting countries are well supplied with wheat, with only a small chance of effecting sales owing to the fact that England is about the only large importing country in a position to get overseas supplies. From all we hear Washington is fully cognizant of the situation, and appreciates that unless prices advance to some extent, the government may finally gain title to a large percentage of the loan wheat, and thus it will be in business again, as was the case during the Farm Board era.

The annual report of Secretary Wallace stated that it was well to bear in mind that no one method of financing a farm program could satisfy all requirements. He stated that we shall probably need various methods in combination. This suggests that the certificate plan may play a part in the handling of farmers' grain in the future. However, if adopted, we believe the loan price would have to be considerably lower than at present; otherwise, the new plan would defeat its own purpose. Mr. Wallace further stated that commodity loans act directly on the market price and tend at first to establish not a two-price, but a one-price level. He agrees with us that in setting a domestic price level too high it will cause the volume of sales domestically to decline and stocks to accumulate. In one sentence he sizes up the situation extremely well by saying that "big surpluses would be unmanageable". He has also stated in another section of his report that there is no point in diverting too much of the crop from normal to surplus disposal channels.

There is some bearish sentiment being built up in the trade on the deferred futures, with the hope that new farm-aid legislation may be enacted,and instead of having a large percentage of the crop frozen, prices will be permitted to rule more normally and the farmer will receive almost the same income in the form of certificates through a hidden processing tax plan.

Statistics today were uninteresting. Primary receipts were 383,000 bu versus 342,000 bu last week, and 303,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 609,000 bu. There was an increase in the open interest yesterday, which is rather encouraging, although trade was moderate, with only 8 million bu transacted in the whole wheat pit, and from our observation, we are afraid the volume today was even less.

Our May wheat continued strong, and traded at about 7 1/4¢ over Kansas City May wheat, which was the widest difference so far. This is closer to a shipping difference, and, therefore, suggests that later on we may get supplies from the Southwest markets. Locals covered commitments, possibly being influenced by the forecast for colder weather. At the last May wheat was 1/4¢ per bu higher, the July future advanced 1/8¢ per bu.

Corn was hardly changed, trade was comparatively light, and there were no new issues.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO January 24, 1941

Despite the many attacks which have been waged against organized grain exchanges, if we may rely on the various published investigations as to the middleman's toll, we become conscious of the fact that the cost of moving grain from producer to consumer is lower than the cost of moving any other standard food product. It is for this reason that the Chicago Board of Trade has withstood the test of time over a period of nearly one hundred years. A careful study of any commercial institution generally shows that its roots go deep into the past, and that it is largely the product of natural evolution; in fact, it is the survival of the fittest among commercial usages and customs. When the Board began as a voluntary association, it was open to members and strangers alike. This western hospitality, however, was incompatible with the avowed purpose of inculcating just and equitable principles of trade. The present rules under which we work attest to the high ethical code of commercial conduct imposed upon our members. We have no fear as to the future of an institution that can serve the producer and consumer so ably. Even our critics are gradually learning more about the accomplishments of the grain trade and its usefulness to the public.

There was very little news this morning except that somewhat colder weather is in prospect, but it will be preceded in many localities by snow; and in looking at the snow map, which shows the amount now on the ground, the plant appears to have considerable protection - as much as one-half inch to four inches rather generally over many of the districts where lower thermometer readings are expected. Possibly due to more frigid conditions, July wheat was somewhat stronger than the May delivery, although we reckon that there was also backspreading between the two trading months. New pressure was extremely light, but likewise, consumptive demand was also of small proportions.

There was not a great deal of news from Europe, except further details of the British activities on the Western desert. The whole campaign has been miraculous from point of view that, since December 9th, more than 100,000 prisoners have been taken with a minimum of sacrifice; but the English people are taking all this in their stride, still impressed with Prime Minister Churchill's warning of the magnitude of the task still facing the Empire.

While nobody hears of any actual wheat demand for Britain, there is undoubtedly some business going on quite regularly --even shipments from the Argentine were larger this week, at 1,323,000 bu, although small in comparison with the crop that was raised, and it may be attributed mostly to lack of shipping facilities. One could easily imagine that the Argentine would be very anxious to dispose of its wheat on a heavy scale, particularly since they also have such large reserves of other cereals. There are still more than 200 million bu of corn left in the country, with the new crop about two months from maturity. Crop conditions are favorable, and there is the possibility of satisfactory yields again. During 1940, corn exports were only 50% of normal, and should the war continue in 1941, prospects appear still worse for disposing of surplus supplies.

Primary receipts were slightly better at 431,000 bu compared with 368,000 bu last week, and 383,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 728,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage a year ago of slightly over 3 million bu.

There was not a great deal of feature to the market, except that firmness prevailed. The trade was again dull; we note that yesterday only 5 1/2 million bu of wheat were handled in the pit. At the last May wheat was unchanged; the July delivery advanced 1/2¢.

Corn was rather indifferent. There was no material pressure upon the market, and in the absence of new incentives outside buying power was lacking, although this cereal was steady in sympathy with wheat.

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CHICAGO January 27, 1941.

It is ominously fateful that twice in the last few years the price of 81¢ for wheat should have played such an important part in the marketing of grain. When the Farm Board operated, they set 81¢ a bu as a minimum figure at which May wheat could be traded here in Chicago, and as a result they finally accumulated 254 million bu of wheat. These stabilizing efforts were only temporary, and after they finished the price went into the low 40's, and the tremendous accumulations even had their effect upon Liverpool, where the price level sank to the lowest point since the Elizabethan era. On March 15, 1933, shortly after Mr.Morgenthau became Chairman of the Farm Board, he announced that the Farm Board's holdings of futures amounted to about 30 million bu, and stated that the wheat would be liquidated as quickly as was humanly possible without demoralizing the market. Gradually cash and futures were offered for sale, and once this grain was disposed of we again enjoyed better prices.

The present plan of loaning 81¢ basis Chicago for wheat is somewhat different from outright purchases, although we are afraid that the result will be identical. If there is too much wheat in this country, it is almost a foregone conclusion that the government will finally gain title to as much wheat as was owned during the Farm Board era. Thus, for the second time in eight or nine years the government might again find itself in business, attempting to merchandise a surplus. There is no assurance that we shall again have three years of drought; in fact, quite the contrary is true at present with the finest moisture conditions that we have had in years; nor is there the same opportunity of merchandising surplus supplies in Europe as long as the war lasts. Furthermore, Canada and the Argentine have tremendous supplies, which they also wish to dispose of. Therefore, there is more uncertainty. With the exporting countries loaded with wheat, there is still considerable talk by many legislators, and by certain farm groups, that we should have parity prices. They refer to the period from 1909 to 1914, when many agricultural products brought a higher price than normally; in fact, one of the originators of the "parity price level" has made mention of this on one or two occasions. If by some magic we could turn the calendar back and establish parity prices for agriculture, we should also like to return to that period, so far as taxes are concerned. From 1909 to 1913, there was no income tax whatsoever, and for the first time in 1913, an income tax law was passed, which amounted to 1% of a person's net income, but there was no penalty for higher brackets. At that time, our government debt was a little over $1 billion, and our total budget expenditure was a little over $1 billion; therefore, it will be seen that the days of the parity period were in many other ways ideal, and might be emulated in many respects.

The visible supply decreased 1,760,000 bu; total stocks are 140 million bu, which is 31 million bu more than was on hand in 1940. Chicago stocks showed a small increase, with more than 11 1/2 million bu in this market. Primary receipts were 465,000 bu, which was about the same as last week, and just a shade smaller than last year. However, there is a chance that Southwestern receipts will increase now, and this might furnish some additional pressure.

The CCC claims that final wheat loans had been made on 278 million bu of wheat; thus, this stock, together with that controlled by other agencies, suggests that if nothing is released, we might have 300 million bu federally owned on July 1st. Should this be the case, it would leave practically 100 million bu free wheat on July 1st, but a considerable quantity in excess of that figure in the meantime, since domestic consumption is proceeding only from hand to mouth.

Weather over the week-end was highly satisfactory, with snows general; lower temperatures will now follow.

Wheat prices were somewhat lower, although short covering gave us a slight rally from the extreme dip. May wheat closed 5/8¢ per bu lower, the July declined 3/8¢.

Corn was almost stationary, and there was no feature.

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CHICAGO January 28, 1941.

The wheat movement from the country is picking up slightly, and while pressure is not burdensome, there is enough grain coming to market so that our visible supplies each week are decreasing only at the rate of 1 1/2 to 2 million bu. In our opinion, these inroads are not sufficient to give operators on the constructive side of the market any amount of enthusiasm. Time passes quickly, and there are only thirteen weeks left between now and May 1st; therefore, we shall be faced with a very large visible supply as we approach the end of this crop year. Those who are long contend, and rightly so, that there is a good deal of wheat impounded, but we always figure in our own minds that at some juncture this wheat may be returned to normal channels, and in the meantime, it is overhanging the market. Of course, later on we shall have crop scares, and possibly some actual damage, but for the time being moisture has been so general that the trade is paying very little attention to any messages complaining of deterioration.

Under present restricted conditions, none of the large exporting countries can do much business. It is doubtful whether more than 50% of the Argentine surplus will be shipped from that country during the next twelve months. Even Brazil is cutting down her purchases of Argentine wheat, and so far as Europe is concerned, business can be done only with Spain or the United Kingdom. The latter country is conserving ocean tonnage in every way possible, and Lord Willingdon recently stated that Britain will buy less and less agricultural products in Argentina the longer the war lasts. He said that Canada was England's natural granary, and must remain so until the peace treaty is finally signed. Nevertheless, Argentina is maintaining a minimum price, but in our opinion, will have considerable worry as the season progresses. Before long, there will be another corn crop, which will be all surplus, and the seriousness of this situation alone can easily be appreciated. As Broomhall puts it, "if the war lasts through 1941, Argentina will have to struggle with some 15 or 20 million tons of unsalable agricultural products in the latter half of the calendar year." This may finally give them storage problems even more serious than were encountered in the last war. At that time, it was a plaything compared to present conditions.

It is somewhat of a paradox that all this should happen when many people in Europe are starving, and when for the second year in succession, many European countries are experiencing a hard winter. Extremely frigid weather a year ago contributed to small production, and many believe that serious damage may again arise at a time when the Continent is more cut off from overseas supplies than ever before. Canada has a visible supply of 495 million bu of wheat, the largest ever stored in that country; in fact, it is almost twice as much as is often grown in that country in a single season; although the trade has been accustomed to seeing astronomical figures, even this fact brings more than a casual remark from the average observer. During the present emergency, the Canadian Federation of Agriculture is proposing higher prices for farm products and is opposing compulsory curtailment of wheat planting. Just how they intend to solve their situation, we would hardly hazard a guess.

Primary receipts were 431,000 bu versus 549,000 bu last week, and 324,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 65,000 bu.

Our market was rather heavy during most of the session, although liquidating orders were not large. There was some discouragement over the fact that despite the impounded wheat, the market was making rather poor response, and cash wheat, if anything, was becoming slightly easier. At the last May wheat showed a decline of 5/8¢ per bu while the July delivery was down 1/2¢.

Corn showed slightly more activity; the deferred futures were under some pressure, bookings from the country were light, but May corn remained relatively firm.

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CHICAGO January 29, 1941.

The Secretary of the Treasury proposed an increase in the national debt limit of $16 billion, and thought that this was ample to cover the anticipated financing requirements until July of 1942. At the same time, he stressed the necessity for strict economy in all non-defense federal spending. He said that Congress should re-examine these expenditures with a magnifying glass, to make certain that no more funds are granted than are absolutely essential to existing circumstances. This, in our opinion, suggests the possibility that agriculture must be financed more and more through additional taxes, instead of having higher loans that would drain the federal treasury. If this assumption is correct, then possibly a self-financing plan, often referred to as the Certificate Plan, might be resorted to, and under its provisions, it is quite likely that cash wheat and futures would sell more closely to the world's price levels and that the farmer would receive his benefits from the monies collected through the sale of flour. Naturally, there is no certainty that the loans will be discontinued, but owing to the fact that various members in the agricultural department have already emphasized some of the evils that accompany the loan program, there is a good chance that legislative changes may be sought. The piling up of cotton, wheat, and corn surpluses is not helping, as finally these supplies must be marketed.

In connection with the final figures of the wheat loan for this season, we find that 33.9% of last year's production is now frozen. The percentage is varied for different parts of the country. On the Pacific Coast, for instance, producers only entered into the program in a moderate way, with 29.4% impounded. The next largest section of importance is in the four Southwestern States, comprising Kansas, Oklahoma, Texas, and Nebraska. Here we see that 42.3% of the crop is tied up, but the heaviest quantities of frozen wheat are in the Northwest States, and data shows that North Dakota, South Dakota, Montana, and Minnesota have 52.4% of their wheat under the federal loan. With a total of 278 million bu of wheat removed from normal marketing channels, it is somewhat surprising that cash wheat is not tighter, and this can only be explained by the big carryover last season of 284 million bu and a crop of 816 million bu, which apparently was large enough to provide for all domestic purposes, particularly with the consumptive demand mostly from hand to mouth.

There was some increase in the flour business the past week, and the Northwestern Miller states that winter wheat mills sold 62% of capacity, compared with 41% the previous week, and only 11% a year ago. In the spring wheat areas, the volume was less encouraging--47% of capacity the past week, against 35% the week earlier, and 20% in 1940. However, with stocks probably getting very low, there is every indication that orders will soon be forthcoming. There is also evidence of a larger wheat movement as soon as the roads get better; therefore, one factor may offset the other.

Statistics did not count for much, although primary receipts were rather light at 282,000 bu compared with 278,000 bu last week, and 326,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 161,000 bu.

For several sessions now small liquidating orders have been coming into the pit, and at one time this morning it was more pronounced, as corn and soybeans were also under pressure, and the stock market, despite favorable earning reports, had a very unsettled tone. While volume of trade was not large, there seemed to be more or less selling all day, with only limited support. May wheat was finally 1 1/4¢ per bu lower, and the July delivery declined 1¢.

Corn was under liquidating pressure, and there is some fear that possibly part of the corn now stored in iron cribs may not keep forever. It was even thought that the government might have to move some of it to terminal markets either to be sold or to be treated. We have no evidence that this is so, but with a perishable commodity, there is always that possibility.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO January 30, 1941.

There was very little news of any kind overnight. Nevertheless, the public was somewhat bewildered by the sharp break that oc- yesterday in securities, particularly those whose earning statements had been very good, and probably the only explanation anyone can offer is that it is a misnomer to refer to war-induced activity as a general recovery. Even full employment is only one condition of prosperity and until we finally have peace and until production is devoted to the creation of new wealth and goods that people can use and enjoy, instead of armaments for destruction, there can be no return to prosperity.

When our market opened this morning, quotations proceeded from where they left off last night. There had been a few reports of moistur in the Southwest, but even this was not heralded with much satisfaction owing to the fact that moisture conditions in the winter wheat belt are practically perfect, and many experts believe that the crop could go for several weeks before additional rain or snow would be needed. Temperatures remain mild for the season of the year and even a sudden change would hardly cause damage, as there is fairly good snow protection over the central areas.

One hardly hears of export business but this is not surprising as there is only one large buyer, namely, Britain, whose purchases are mostly made in Canada, and as a result, other exporting countries are having difficulties in getting surpluses into foreign channels. A short time ago the British government agreed to permit somewhat less than two million bu of Argentine wheat to go through the blockade for entry into Spain, but considering that the Argentine crop amounted to 275 million bu. this is only a drop in the bucket, particularly whenit is considered that domestic consumption in that country only amounts to 100 million bu. In normal times Southern Hemisphere pressure becomes heavier at this date, but of course, these are very unusual times and the whole picture has changed. The last estimate of the Australian crop was for a yield of only 85 million bu, and this is a tremendous reduction from last year's bumper crop, which amounted to 210 million bu. Crop failures are just as abnormal as are excessive crops, but the small quantity raised this year will not cause any hardship, because there was a carryover of about 60 million bu from the old crop. Therefore, the country has a surplus of approximately 90 million bu of wheat, with only a limited outlet.

There was some talk today that our government might grant an export subsidy on wheat to be shipped to Mexico. This is a rather unusual procedure, but even the sale of a few million bushels to our neighbor would not affect the statistical position of wheat in this country as it is so very bearish. The final report on wheat loans revealed two rather interesting facts, namely, the large quantities that have been impounded in the two important wheat-producing states --Kansas has 47 1/2 million bu of frozen wheat, while North Dakota has 58 million bu tied up under the federal loan, but despite this fact, it is relatively easy to make purchases in both States without running up the premium, and this is rather indicative that free supplies are ample and that no imports into those districts have become necessary on a large scale, at least up to this writing.

While there is evidence of a pickup in the movement, today's primaries were not particularly heavy, amounting to 401,000 bu compared to 383,000 a week ago, and 417,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 245,000 bu.

After a somewhat better trade yesterday, our market again became very quiet. The open interest remains under the 50 million bu mark, and it seems difficult to arouse much enthusiasm on the constructive side of the market so long as excessive supplies in surplus countries are encountering so little demand.

After mid-session, liquidating orders came into the pit. For several weeks there have been a good many operators who were bearish on fundamentals, but who were undoubtedly long, believing that artificial stimuli might win out. This situation should gradually be corrected. May wheat closed 3/8¢ per bu lower; the July was 3/4¢ down.

The CCC late yesterday announced that it would sell up to 75 million bu of government owned corn now stored in terminal warehouses at not less than 69¢ a bu, basis Chicago for #2 yellow corn. This more or less places a ceiling over our market, and induced some liquidation.

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CHICAGO Jan. 31, 1941.

For many weeks past, traders have been more or less aware of the bearish statistical position of wheat, both at home and internationally, but somehow the artificial stimuli that had been adopted by all of the large exporting countries were regarded as sufficient to prevent sharp breaks. With the enormous accumulations which have taken place in this country in our stock of loan wheat, it is true that up to date May wheat has held comparatively firm with new crop futures. The final outcome may still be determined by the amount of free wheat that is actually left in the hands of the trade, also the possibility of government action or some change in legislation. Ordinarily, if a person were long wheat futures and saw the possibility of a carryover in Canada of 563 million bu, which is indicated for August 1, 1941, a cold chill might run down his spine. (This is about equivalent to five years' domestic consumption.) But the issue has been beclouded by the minimum price level in Canada, with reports from that country that large reserves do not bother them as long as the war lasts. Thus, many factors are temporarily obscured, but cannot be entirely forgotten, as some day there will surely be a day of reckoning.

If we assume that Canadian exports will average 3 million bu, a week until next harvest, which would be at a slightly higher rate than the clearances to date, then the figure of carryover just cited is conservative and it would be the largest amount of wheat ever taken from one crop to the next. As a matter of fact, average production in Canada for ten years is only 327 million bu. Furthermore, total storage capacity, including all elevators in Canada, is only 517 million bu. It is, therefore, no wonder that many of the wheat men are concerned over events that may occur next summer, when another crop must be dealt with. At the present time, there is more than 50 million bu of Canadian wheat either in storage in United States ports or afloat, which includes a small quantity now in transit. There is also 5 million bu of other Canadian grain in this country, and next season, we may be called upon to store even larger supplies, although there is some talk in Canada of adding 50 million bu of temporary storage at the head of the Lakes. It must also be borne in mind in speaking of total elevator capacity that all grains cannot be mixed together, and some provision must be made for various grades of the same grain. Therefore, taking off about 10% for working capacity, Canada can only count at this time on about 465 million bu of usable space. Since the present visible is 494 million bu of wheat, and 515 million bu of all grain, it will thus be seen that there would already be a dilemma except for the fact that we have been able to help out. Our own position is not so acute, we shall probably carry over the largest quantity of wheat on record, and with such tremendous surplus supplies in North America, nobody can feel very friendly to the market, particularly if he bases his conclusions on fundamentals. In thirty weeks, we have shipped not quite 19 million bu of wheat and flour from the United States, and since we had total supplies on July 1st, 1940 of 1,100 million bu, it is generally felt that the government's estimate for next carryover is conservative.

Primary receipts were moderate, 346,000 bu compared with 431,000 bu last week, and 336,000 bu last year. Kansas City, Duluth, and Minneapolis stocks so far this week show a net decrease of 138,000 bu. We are not looking forward to a heavy shrinkage in the visible supply on Monday. It will compare with last year's decrease of 2 1/4 million bu.

Trade was less active than yesterday. However, bulges met with some resistance and despite several days of declining tendency, none of the rallies were very pronounced. At the last, both May and July wheat were 1/8¢ per bu lower.

Corn was rather stationary. The picture painted by R. M. Evans, AAA Administrator, was quite pessimistic, to say the least. He claimed that failure to keep tight control on corn acreage and failure to limit marketing quotas would mean a calamity every bit as serious as the situation in 1932.

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CHICAGO February 3, 1941.

Ordinarily, there are very few secrets in the grain trade; almost everyone has access to the same figures. The Bureau of Agricultural Economics publishes surveys from time to time, which are extremely accurate in their scope; also, the Weather Department gives its views as to immediate changes and records the amount of rainfall. Despite the fact that so many people are getting the same information, there are very often differences of opinion. Of course, under wartime conditions, the compilation of wheat statistics on a world basis is somewhat incomplete, due to censorship. For instance, in Australia the clearances are not published weekly as in peacetime, and by virtue of the same conditions, the immediate significance of world wheat stocks and production is lessened, particularly at a time when so many of the large surplus countries have resorted to artificial stimuli.

Nobody can say for certain how the tremendous carryover reserves in Canada will be handled, particularly if another normal crop is raised next summer; yet, there is less than the usual worry on that score, owing to the fact that indications are for the war to continue through 1941, and as such, Canada rather boasts of large food supplies in order to take care of herself and the Empire during this period.

Some of the figures with which we have had to deal lately would have been staggering in normal times. For instance, the world carryover of wheat on August 1, 1940, stood at a record level of 1,400 million bu, having mounted from 1,150 million in 1939, and only 593 million in 1938. The picture was really worse than would have appeared likely at first glance as the increase in stocks in 1940 occurred principally among the export countries. Those European nations which probably needed heavier wheat production the most were not as largely benefited, and the Danubian wheat reserve, for instance, showed an increase of only 10 million bu in 1940 over the previous year. At the present time, we are faced with a domestic carryover next July of about 385 million bu. No matter how one figures, he generally comes to about the same conclusion; but undoubtedly a large part of this stock will be held by the CCC, and some of it may be re-sealed on farms. With May wheat in Chicago ranging from 81 to 82¢ a bu, very little of the impounded wheat is apt to be released when loans mature, but on the other hand, prospects for the winter wheat crop continue very favorable; therefore, it is not so necessary to have a large stock of free wheat next July, as a good many millers and processors would apparently be willing to await the next harvest, especially if there is a big premium for old supplies.

When our market opened this morning, there was nothing very new in the situation. Some had figured that the carryover feeling from Saturday might give us a little further rally at a time when pressure from the country was rather light, but apparently those who wanted to cover commitments were able to do so without materially affecting the price level.

World shipments of wheat and flour were less than 5 million bu this week. Since the beginning of the season, they have averaged about that quantity, and would almost have to double from now on, if Broomhall's estimate of total requirements is to be fulfilled.

The visible supply decreased 1 1/2 million bu; total stocks are 138 million bu, or nearly 32 million bu more than in 1940. There was a small decrease at Chicago. Of the 11 1/2 million bu at this market, 7 million bu is impounded, and the balance is free. Primary receipts today were much the same as last week and last year.

Trade was a good deal smaller than on Saturday. We saw very little to the market outside of covering operations. At the last May wheat was 3/8¢ per bu lower, the July future declined the same.

Corn was rather firm, but there was no important issue. The visible supply showed only a small increase; total stocks are about 63 million bu, but a good deal of this represents frozen holdings.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO February 4, 1941

Looking at the wheat situation broadly, there is one large importer at the present time: namely, the United Kingdom, and only one important exporter, Canada. But with the rest of the world unable to carry on business normally, it naturally causes great dislocations in almost all countries. Even in Canada, where the first call for supplies is fully recognized, we see that from August 1st to the middle of January, wheat and flour shipments were only 66 million bu, compared with the average of 91 million bu for the six preceding years. In other words, contrary to previous thought, instead of having a war stimulate business from the surplus nations, actually the reverse has happened.

We find one year standing out as an enormous season for clearances, and in 1936-37, Canada cleared 129 million bu during this 24-week period. Despite the fact that total production this season was 551 million bu, according to the third government estimate, there seems to be little chance of getting any large proportion of wheat into consumptive channels.

Just to what extent Argentine will be a competitor remains to be seen; but the crop just harvested yielded about 275 million bu, and while this was a reduction of about 8% from the highest estimate, owing to excessive rains in December, it still means that this Southern Hemisphere country has large holdings, and therefore a great desire to reduce surpluses if it is at all possible.

The destinations of Canada's wheat and flour exports are now made public, and the shrinkage compared with last year is more than accounted for by the cessation of shipments to the blockaded area, which, for instance, during the first four months of last season amounted to 19 million bu. Outside of England, we find that the next best Canadian customer was Portugal, which took 1 3/4 million bu; third in rank were the British West Indies, which took almost as much, but then going down the line, the quantities were, indeed, small and were scattered amongst thirty-three various destinations. Even Switzerland, which in normal times was a fair buyer of Manitobas, was unable to get a single bushel, and of course Belgium, Denmark, Finland, France, and the Netherlands were in the same category. Broomhall reported this morning that after cabling his Argentine correspondent for news on the pending sale of Plate wheat to Spain, he received an answer to the effect that, outside of the British government deal sometime ago, he did not know of any big order for wheat that was now pending. Sometime back, Spain bartered some steel in return for 14 million bu of Plate corn, and some of this is being shipped now on Spanish bottoms at the rate of about 2 million bu a month. Also, the British government has arranged to ship three cargoes of Canadian wheat to Spain from American Atlantic ports, and we understand that there is some smaller additional business being transacted by the American Red Cross. Britain, of course, is watching European imports closely, and will not allow Spain to take more than her monthly requirements, possibly fearful of an invasion. Formerly, Spain consumed 135 million bu of wheat annually, but since the revolution,production has fallen off greatly, so that imports of practically all cereals have become necessary.

Primary receipts were somewhat smaller today at 307,000 bu compared with 431,000 bu last week, and 327,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of only 50,000 bu.

There was a little weakness at times, but it was shortlived, as a number of local shorts covered commitments. In the main, May wheat was the weakest and lost some ground on the deferred months, possibly due to the fact that the CCC sold about 1 1/4 million bu of wheat at Minneapolis from their 1939 holdings, presumably to relieve tightness in one or two isolated spots. At the last the nearby month gained 3/8¢ per bu, while the July delivery advanced 7/8¢.

Corn was rather firm, even when wheat was weak. Receipts are light, and no large stocks of free corn are being built up.

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CHICAGO

February 5, 1941.

Pierre Laval has demanded that he be named Premier of a cabinet of his own choosing and be made responsible solely to a National Assembly, whose members he would name. Whether the Petain government will yield to such sharp demands, presumably for a closer collaboration with Germany, remains to be seen. Otherwise, there was not much news from Europe, except that R. A. F. daylight raids on the French Coast continued and were quite effective.

Formerly, our market at the opening was often stimulated by the trend of Liverpool quotations or the European demand, but in the absence of both of these, other news is carefully scanned. There was an overnight announcement that the CCC would not liquidate its wheat holdings upon the market except at cost, plus accrued charges. Of course, the government has not yet taken title to much grain on 1940 loans, but presumably they will do so unless the price advances materially, as there is little choice for the farmer except to default. Under such circumstances, there is some assurance that these holdings may only be sold to other governmental agencies, although there is nothing new in the present announcement.

Nevertheless, it caused a little buying flurry this morning, with May wheat in slightly better demand than the deferred months. Otherwise, we would say that there was very little new in the wheat situation, and as yet, there has been nothing to stimulate buyers, except possibly the thought that within another month, there may be some crop scares. The latter have probably had more influence in causing shorts to cover than to bring in much trade on the constructive side of the market.

Shipments from Southern Hemisphere, which generally become important at this season, are extremely small. We do not hear exact figures on Australian clearances, but intimations are that the business is down to very low proportions. During the past week, Argentine only shipped a little over one million bu, of which only 265,000 bu was destined for the United Kingdom. It was generally conceded that Britain might take somewhere between 35 to 40 million bu of Argentine wheat and flour if freight were available, but at the present time, there is the absence of sufficient freight --thus interfering with any possible business.

We have spoken a good deal in our letters about the tremendous surplus supplies in Canada, and considering that total stocks last August amounted to 852 million bu, it is a foregone conclusion that the surplus next August will be the largest on record. The Dominion government figures on domestic disappearance of 126 million bu, and counts on total exports of 150 million bu, or a total disposition of 276 million bu. On that basis, there would be a reserve stock at the end of July, 1941, of 576 million bu. Present dispatches from Ottawa state that reliable reports indicate there may be a minimum price for 1940-41 of 85¢ a bu for No. 1 Northern at the seaboard, and the processing tax will be 50¢ a bu on wheat made into flour or other commodities. These figures compare with a minimum of 70¢ this year and a processing tax of 15¢ a bu. The government would take delivery of between 230 and 280 million bu, and any quantity in excess of this amount would be stored or disposed of by farmers. There would be no limitations of acreage. For the above information, we are indebted to Sanford Evans of Canada.

Primary receipts were very small today at 286,000 bu; this compared with 282,000 bu last week, and 277,000 bu last year. Kansas City and Minneapolis stocks showed a combined decrease of 125,000 bu. The milling demand was reported a shade better, and this meant the removal of a few hedges.

On the whole, trade was very light, and the open interest hardly changes from day to day. Short covering was less pronounced, but at the last May wheat showed a gain of 7/8¢ per bu; the July future was up 3/8¢.

Corn was fractionally lower. Receipts continue pretty light, but it seems difficult to stimulate much interest on the buying side of the market so long as government supplies remain large. There is always the fear that some day this corn may be returned to normal channels.

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CHICAGO Feb. 6, 1941.

When war was declared on September 3, 1939, various wheat futures at Chicago were selling around the 77¢ level, or about the same price at which the deferred wheat futures are selling now. There was immediately a scramble to buy, and for three or four successive days, purchases were almost impossible to make owing to the fact that the market advanced the full 5¢ permissible limit during each session. It was not until the price went to about 85¢ that liquidity took place, so that both longs and shorts could again trade freely. The action at that time was not at all surprising, particularly as many had in mind what occurred during the first World War, although very little attention was centered upon the factors that had caused the extremely bullish picture during 1914-18. When the Dardanelles were closed and Russian supplies were cut off, immediately there was a tremendous demand for North American grain, and this made it possible for the United States to regain her former supremacy. In fact, we were furnishing 45% of the world's import requirements, which ratio was maintained until the end of 1922, when annual shipments had reached an average of nearly 300 million bu.

It was during the first war that the government made its appearance in the grain markets. It appealed to farmers to increase production, and finally guaranteed the price of wheat at about $2.20 in an effort to raise enough food for the allies. In spite of these great efforts, when the war ended, surpluses were very small, and it was about 1921 before the world raised sufficient quantities for its requirements.

In contrast to this, we have a very different outlook at the present time, with production having gone ahead by leaps and bounds in Canada, Australia, and the Argentine; therefore, all three of these countries at the moment have adopted a minimum price level, while we in the United States have resorted to a comparatively high wheat loan, which in practice has caused the accumulation of tremendous supplies. There is a proposal now under consideration to move stored grain to the seaboard. This suggestion is possibly tied in with the National Defense Program, and seems to be intended to place certain commodities at export shipping points to meet any demand which might develop from Europe. It is no doubt also aimed to avoid congestion when another crop moves, as interior elevators would doubtless be filled up rapidly if the winter wheat crop comes through according to present promise.

The trade construed this as slightly bullish, thinking that we might lend or lease some of our surplus wheat to England, but yet, it must be borne in mind that if any such business should develop, it would probably consist of impounded wheat, to which the CCC will soon gain title. Therefore, it would not require the removal of hedges, nor create any scarcity of free supplies. Also, there is the question as to how much wheat Britain would take from this country with the knowledge that Canada is faced with the heaviest carryover on record.

We apologize for an error in our yesterday's letter. The recent dispatch from Ottawa indicating that there would be a minimum price for 1941-42 wheat of 85¢ a bu for #1 Northern was the price at Fort William or Port Arthur, and not at the seaboard, as we stated. It is, indeed, a very fancy price considering the tremendous carryover in sight. Winnipeg prices today were slightly higher, possibly milling business is encouraged by the fact that there might be a higher processing tax next season.

Our primary movement today was moderate at 319,000 bu vs 401,000 bu last week, and 323,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 330,000 bu.

A little further milling business gave our market impetus at the start, and prices climbed for a time, but a few liquidating orders changed the trend, with the close not much changed. May wheat was 1/4¢ per bu lower, while the July delivery was the same as yesterday.

Corn was featureless, except for the fact that there were liberal sales made from Chicago. However, this only had a temporary influence upon the price level.

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CHICAGO Feb. 7, 1941.

The tenor of the European war news was about the same as recently. British planes again attacked heavily the French invasion ports, and pilots reported that many bombs burst in the dock areas, with the result that several large fires were started. German raiders were apparently inactive during the night. In Africa, the Italians are preparing a last desperate stand in Eritrea, but many of the important generals have already surrendered.

This news had very little effect upon markets here; in fact, there was no particular trend, as the domestic situation hardly changes from day to day.

The Robinson Elevator Company was very optimistic in its crop outlook for 1941, claiming that moisture in abundance has covered every section of Kansas during the month of January. In studying the government chart on precipitation, we find that the Southwestern districts were extremely well favored in almost all sections. Around Topeka, Kansas, January precipitation was 400% of normal, and there were a good many sections showing a wonderful comparison with previous years until we come to the Ohio Valley regions, and from there on Eastward, deficiencies were noted. However, Kansas is the largest single producing State in the Union, and, therefore, it is extremely important whether or not that State produces well. The Robinson agents over the entire territory claimed that fields were thoroughly soaked and that side dirt roads were positively impassable due to deep mud. This Company also called attention to the fact that winter wheat in Kansas rarely suffers from freezing or thawing and that there was little danger from low temperatures, so long as the ground was thoroughly saturated. With the possibility that 12 1/2 million acres emerge with a fine spring prospect, the situation is very hopeful.

From a world standpoint, there is also very little change in the outlook. During the first twenty-six weeks of the crop season, world shipments have amounted to only 125 million bu. This is slightly less than 5 million bu weekly, not taking into account minor clearances from Australia, where the news is still being censored. On the assumption that the second half of the season will be no better, total world's shipments may only show 250 million bu, but even adding a possible 50 million bu from Australia, a grand total of 300 million bu would be the smallest clearances of the century. This is certainly not encouraging in view of the fact that the world carryover last August was approximately 1,400 million bu. Even Canada, which has the field more or less to herself, has little to boast of. Her clearances of wheat and flour to-date are 70 million bu, or roughly 22 million bu less than the season earlier. At the present time, after making due allowance for home requirements, there is 662 million bu available for shipment of next carryover, compared with 409 million bu in 1940.

From this country, there was a little export business overnight to Mexico, but it is not considered likely that the total shipments during the next two months will amount to more than a few million bu. Having cleared about 19 million bu since July 1st, it is also possible that our total exports for the season will be a great disappointment. They were poor enough last year, when for the 12-month period, we shipped 45 million bu, and there seems little likelihood of doing as well during the current season.

One of the AAA administrators stated at a recent meeting that it appeared as though large average yields for the 1941 crop might give us total production in excess of 835 million bu. This, together with a carryover of 385 million bu, would mean total supplies next July of 1,220 million bu. Should the export outlook remain poor as at present, he figured that 500 million bu might possibly be carried over on July 1, 1942. This is not a very promising picture.

Primary receipts were 359 thousand bu --about the same as last week and somewhat larger than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 450,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage of 2 1/2 million bu a year ago.

Trade was very dull, closing prices were slightly higher.

There was no feature to corn, but pressure from the country was again light.

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CHICAGO February 10, 1941.

There was very little grain news over the weekend, but the old factors are still with us, and should become more important as we draw nearer to the next harvest. The international shipping movement of wheat is now smaller than at any time during the past 25 years, and we have felt for sometime that world shipments this current season would be the lowest of the century. During the first six months of the crop year, total wheat and flour clearances were 125 million bu, and projecting this for the second half of the season and adding possibly 50 million bu which may be placed afloat by Australia, we feel that a figure of 300 million bu is rather conservative for the entire season. Broomhall has reduced his estimate from 440 million bu to 400 million bu, but stated today that the total world movement has been extremely small, and may even be under the 1917-18 total of around 364 million bu. This can only mean that the surplus countries will continue to pile up supplies. While it may not change the outlook for the United States to any considerable extent, as we are shipping so very little even now; it may tend to remove some of the artificial stimuli in Australia, Canada, or the Argentine, where minimum prices have been placed, and where even governments have discovered that in the final analysis the law of supply and demand is paramount. New economic thought is not born overnight; there have been great problems in the past, but seldom has an artificial cure been the best remedy,

The domestic winter wheat crop is continuing in a most satisfactory fashion. More than normal precipitation has been received since the first of August in Kansas, Nebraska, Colorado, Idaho, and on the Pacific Coast; below normal moisture still prevails in Ohio, Indiana, Illinois, and Missouri. The largest single wheat-producing State is Kansas, and this State enjoyed the third wettest January on record; practically every section had excessively heavy precipitation for the time of the year, which is very important, because so often this territory is semi-arid, and therefore, dry weather takes a large toll from the prospective yield. The snowfall was generally heavy, totaling 5 to 10 inches over most of the eastern and northern counties, and as it melted this moisture had percolated well into the soil; with farm ponds generally full and creeks running, the outlook is all that could be expected.

While there has been slight improvement in the milling demand, it is a fact that the chain bakers and groceries are rather indifferent, and possibly are fully aware of the statistical position with the chances for an unusually large carryover of wheat next July. A few days ago the government forecast that 106 million bu of wheat was in the hands of merchant mills; adding to this quantity the amount on farms: namely, 283 million bu, the commercial visible supply of 158 million bu, together with country mill and elevator stocks of 165 million bu, a total of 712 million bu of wheat was on hand as of January 1st. This suggests a domestic disappearance for six months of 371 million bu compared with 368 million bu a year ago. It rather confirms also our ideas on total utilization for the entire year, from which we conclude that there is no indicated change for a final carryover of wheat in the neighborhood of 385 million bu, which was the government's last estimate.

The visible supply decreased 2 1/4 million bu, which is slightly less than a year ago; total stocks are 136 million bu. This is 32 million bu in excess of what was on hand in 1940. Chicago stocks decreased nearly 200,000 bu, leaving 11,339,000 bu at this market.

Trade was not particularly active, but there was some liquidation at times, with the result that May wheat showed a loss of 1¢ per bu at the last, compared with a decline of 1 1/8¢ for July.

Corn was off moderately, but there was no particular feature. The visible supply shows a small decrease, and the movement from the country has been disappointing all along. A good deal of the corn held at terminals is apparently under Federal control.

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CHICAGO February 11, 1941.

It is becoming both popular and customary to blame most ills confronting international flow of grain to the European war. We have seen several comments from Washington recently that lack of export business is attributable mostly to hostilities abroad, but in a sense this is only partially true. We know, of course, the the German-invaded countries are unable to get overseas supplies, but this is actually more of an influence upon other exporting nations than upon us. Our own trade had waned for several years, and about the only shipments that we could have made for the past several seasons were when subsidies were sufficiently large to attract European buyers. Naturally, a war is not productive, but on the contrary it is a burden on any productive system. This is in a sense being felt by the securities market which was again rather weak today despite advices from Washington that the debt limit had been increased from $49 billion to $65 billion. There was no talk of inflationary tendencies, and in fact, prices in New York were rather weak when the market opened. Grain prices also sympathized to some extent, although undoubtedly the weak statistical position had a part in today's decline.

In about 2 1/2 months the trade will be thinking about May deliveries, and soon thereafter another harvest will be upon us. Canadian supplies are enormous and very few inroads are being made upon accumulations. Their visible supply amounts to 492 million bu, which in itself is such an unusual quantity that it needs no interpretation, but we call attention to the fact that it is just about equal to 4 year's domestic consumption.

There was a large sale reported today --18 million bu of wheat sold by the Argentine government to Spain. This simply means, in our opinion, that Canada and the United States will be excluded from any possible business with Spain for many months to come, and therefore, it had little market effect here.

In Europe it was believed that it was only a matter of time until Germany would strike at Britain, and these convictions were strengthened in diplomatic circles as a result of England's break with Rumania. Meanwhile, the latter country has been taking military precautions throughout the country, and numerous German troops are believed to be in many strategic positions.

Without an adequate export outlet for wheat, and with milling demand continuing from hand to mouth, there seems to be rather poor support to the market, with practically no enthusiasm on the constructive side. Yesterday's trade in the wheat pit was again small--only 7 3/4 million bu, with the total for all grains about 10 million bu, showing the greatest indifference. Of course, at this season of the year before crop scares start we often find extreme quiet, but this season it is unusually so. With the surplus countries all worried about an adequate demand, this is only natural, and furthermore, there are some uncertainties in the trade over the possibility of a change in farm legislation.

There was very little feature to statistics. Primary receipts were 358,000 bu compared with 307,000 bu last week, and 531,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 80,000 bu.

Liquidation, while not pronounced, was more or less constant, and probably a good many operators who had bought wheat because of artificial influences, believing that by this time there might be some advances in cash wheat, owing to the impoundings, may have changed their minds due to the action of the market and the ease with which supplies may be obtained. New crop futures went into new low ground for the season, July wheat closing 1 3/8¢ per bu lower, while the May delivery was somewhat weaker, closing 1 3/4¢ per bu down.

Corn held rather firm. The movement from the country is not impressive, nor was it adequate to build up a large free reserve, but on the other hand, it is generally conceded that a sharp advance would change the entire picture.

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CHICAGO February 13, 1941.

Little is known as yet of the conferences taking place in diplomatic circles in Europe, and there is much conjecture as to the final results of the meetings between representatives of Spain, France, Italy, and possibly Germany. In the meantime, uneasiness is felt over the Far East situation, with a press report from Shanghai that American women and children, and non-essential men have been advised urgently to move out of the danger zones and return home. This may be the forerunner of some action at Singapore.

There were no particular developments in grain news over yesterday's holiday, although some comment is made regarding dust storms in the Southwest, particularly in the old dust bowl area. However, it will take more than one dust storm to offset the good conditions which have prevailed in the Southwest, and the government weekly crop report states that conditions affecting the winter wheat crop show but little change. The main producing sections have no snow covering and several hard freezes occurred in parts of the belt; however, no material heaving effects are reported. The general outlook continues satfactory, except locally, such as in Nebraska.

Generally speaking, wheat prices have been declining for a period of almost fifteen years, and although beginning in 1929 and continuing to-date, many different efforts have been made by governments of the surplus countries to arrest this decline, all artificial stimuli have been of no avail, the only temporary corrections taking place during the three severe drought years, and nothing but "woes" and additional burdens have been placed on the usual normal trade channels.

Sanford Evans, in a very enlightening article on Canada, discusses at length the plight of that country. He figures that their carryover will be between 500 and 570 million bu, which compares with a carryover in 1938 of only 24 1/2 million bu; in 1937, 37 million bu; and the five-year average, 1923-27, of 39.6 million bu. He points out that no country in the world has ever carried over so great a quantity as 500 million bu, the previous record being the Farm Board accumulation in the United States in 1932 of 391 million bu. However, that large accumulation in this country represented only about 60% of one year's domestic consumption, whereas Canada's carryover would supply all domestic requirements, including seed, for the next four years, were she not to plant another bushel of wheat next spring. Or it would enable her to maintain both her domestic and foreign trade for two years on the basis of the last five years' results. Furthermore, the United Kingdom has increased her acreage about 50%, which will probably reduce the normal amount needed for imports by over 30 million bu. In addition, England has further curtailed her wheat requirements by admixtures, so that the new loaf of bread will require 85% flour extract. This will further decrease her dependency on imports. Much stress has been laid on the possible requirements of the Continent in case of an early cessation of hostilities. However, if there were not a bushel of wheat left in Norway, Denmark, Holland, Belgium, Luxemburg, or France, Canada would still be in position to furnish a full year's consumption for the above-named countries.

Over the holiday, there was a purchase by Portugal of approximately 440,000 bu No. 2 Northern Manitobas, bringing the total for the week up to about 1,200,000 bu. Broomhall reports that harvesting is completed in the Argentine and that the crop is moving slowly to market, although the restricted export market and the heavy supplies are creating a serious storage problem. General rains have fallen in that part of the Southern Hemisphere during the past week, placing the soil in very good condition for fall work.

Primary receipts were 488,000 bu for two days versus 319,000 bu last week, and 429,000 bu a year ago. Stocks so far this week at Kansas City and Minneapolis show a decrease of 218,000 bu. Lower prices which were registered in the stock market, led to some discouragement, and liquidation, aided by a somewhat larger movement in the Southwest, brought about a decline in prices. Although there was some recovery before the close, May wheat lost 1/2¢ per bu, and the July 1/8¢. While some r allies are no doubt in order,at the moment we can see nothing constructive in the news.

Corn was rather listless, with very little interest shown in that cereal.

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CHICAGO February 14, 1941.

There can be no doubt that the war has aggravated the problem facing the surplus wheat countries, but it has had nothing whatsoever to do with the creation of the situation. For a period of 12 years there have been various governmental plans invoked in an attempt to better the farmer's situation, but no cure has as yet been found. In the United States all these schemes culminated with the high loan value set for the 1940 wheat crop. It must be self-evident to those who are thoroughly interested in the welfare of the farmer, and the proper functioning of the grain industry which has been built up through many years of experience, that high loan values have failed to accomplish their purpose. Not only are the government agencies facing the possibility of taking possession of a large quantity of wheat, but should the 1941 crop turn out as well as present prospects indicate, the carryover of wheat on July 1, 1942, might very easily be of enormous proportions.

The 1940 program stopped the free movement of wheat to market, and thus has stultified the grain industry,so that it is questionable whether it can continue to function under similar conditions in 1941. If this should come to pass, it would lead to a more or less socialized order for agriculture, with everything passing through the government's hands. Operating under regulations makes for less flexibility of markets. For example, the loan price of wheat in Minneapolis has always been set higher than in Chicago, although in reality the market in the Northwest has ruled lower. Formerly, the futures market was able to appraise crop conditions in the Northwest--when there was a short crop, premiums on spring wheat prices advanced, and when there were large crops, they ruled at a discount. Through this medium there could be a liquid interchanging of supplies. Under the futures system, the decision of what the minimum or maximum prices should be was not placed in the hands of one group, and the markets readily adjusted themselves to conditions --at times the millers' influence dominated, and at others, the exporters'. At times we even imported wheat to regulate both price and quantity. Furthermore, the farmer fed more or less wheat, according to prevailing conditions. There was always a balance wheel in the market, and adjustments took place rather rapidly.

It is further recognized by most students of economics that the healthiest condition in any industry exists when there is forward buying. Under the circumstances created by the loan price of 1940, both millers and bakers are buying from hand to mouth, and no merchandising concern wants to face the possibility of carrying over a large quantity of wheat after May, while that future month is ruling at a considerable premium over the new-crop months. Had not such large quantities of wheat been impounded, this condition would probably not exist today. However, some of these difficulties seem to be recognized by those who are responsible for the formation of future policies. The certificate plan seems to be coming to the foreground and this will undoubtedly help to alleviate the condition of the farmer, provided we do not have in conjunction with it, the high loan values, as the latter would again cause great distortions --would hold supplies off the market,and would tend to break down the entire present system of handling farm crops.

Primary receipts were 371,000 bu vs 359,000 bu a week ago, and 347,000 bu last year. So far this week stocks at Kansas City, Duluth, and Minneapolis show a net decrease of 182,000 bu.

There was very little in the grain news today. At times some strength was imparted to the market through reported sales of flour in the Southwest, and there was evidence in the pit of some lifting of hedges. The bi-weekly forecast is for moderate to heavy precipitation, mostly rain, the early part of next week through Missouri, Kansas, and Oklahoma.

The volume of trade remains very small, and little outside interest is displayed in the market. At the close both May and July wheat were unchanged.

Receipts of corn are running very light; there are large supplies back in the country, but the farmer so far does not seem to be a willing seller around this level, although this situation could easily change.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO February 17, 1941.

It is much easier to criticize than to praise, and so perhaps the various grain exchanges throughout the country should have sought more publicity for the good work they did in the past in marketing large crops in such an efficient manner. The reason we say this is because our critics so often become perturbed when prices so low and when farmers are getting a poor return for their products. It is naturally easiest to blame the grain men or the Board of Trade for lack of efficiency in marketing the farmers' wares. Whenever this happens the victim is condemned before he is tried. It would, of course, be a much fairer procedure if an unprejudiced body would look thoroughly into both sides of the issue, as has been done on several occasions in Canada. Numerous reports have been published, and we feel safe in saying that in every case the reports in Canada have supported the grain commission men and the legitimate activities of these groups.

At the request of the Canadian government, Mr. Josiah Stamp wqs brought to Canada in 1931, and he spent many months investigating all phases of grain marketing and futures trading. In brief, the conclusion of the committee was "***that in addition to the benefits reflected to the producer in furnishing a system of insurance for the handling of his grain, and providing an ever-ready and convenient means for marketing the same, futures trading, even with its disadvantage of numerous minor price fluctuations is of distinct benefit to the producer in the price which he receives." The further findings were

"1 It furnishes an effective and convenient system of price insurance in the merchandising of grain.
2 It makes possible a continuous market in which cash grain can at any moment be bought or sold, and the transaction financed, at prices having a direct relationship to world prices, and,
3 Its net result, despite the temporary disturbance of which operations in the futures market may at times be the cause, is to give to the producer a somewhat better price than he could otherwise on the average hope to secure."

A few years later another Canadian commission was appointed under the leadership of Hon. Mr. W. F. A. Turgeon. The subject of speculation received special consideration and after a great deal of research, the various committee members taking evidence, and in many parts of the United States as well, they concluded, "***that from all the evidence heard on the subject, business on the Chicago Board of Trade would be seriously handicapped, if not wholly dislocated, by the elimination of speculative buying and selling (or even by the elimination of only speculative selling) in the market."

Unfortunately, in this country too many untried theories have been adopted, where the grain trade was hardly ever considered, and where secondary consequences were almost always ignored; thus, one scheme after the other failed, while the activities of the grain exchanges are so hampered that it is impossible for them to function in the normal sphere.

There was no particular grain news over the weekend, except that North American shipments of wheat and flour were heavier. The Pacific coast had cleared some flour to China, while the Philippines and Cuba were also takers, but on the whole the trade felt that supplies were bountiful, and that it would be a long time yet before accumulations could be absorbed. July and September wheat made seasonal lows. The visible supply decreased 1,396,000 bu, and stocks in all positions are 135 million bu compared with 102 million bu last year. There was a decrease in Chicago of 219,000 bu for the week. The primary movement was a little better today, at 575,000 bu versus 423,000 bu last week, and 649,000 bu last year. Our Kansas city office advises us that receipts there and at interior markets were fairly heavy, and indications were for a better country movement.

At the last May wheat showed a decline of 1¢ per bu, while the July closed 5/8¢ lower.

Corn was lower, with some liquidation, but otherwise not much feature. The visible supply decreased 501,000 bu. There is no important selling from the country.

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CHICAGO February 18, 1941.

News from the Balkans was far from satisfactory, yet this had been partially anticipated and, therefore, it had little effect either on grain or security prices. The trade both here and in Canada is looking forward to a definite program to cope with agricultural problems that have developed. Possibly one of our great troubles is that we have done too much planning during the past fifteen years, and that as a result, the grain exchanges of the country are being unnecessarily hampered by governmental regulation, instituted by persons uninformed in grain matters. Various bills which have been proposed and enacted are detrimental to our existence, as well as to the welfare of the farmer. It is apparent to any thinking individual that a high loan price merely means accumulations, since it keeps the grain from coming to market, and since it furthermore discourages cash handlers from sending their wheat to the seaboard, because they are fully cognizant of the fact that there may not be a foreign outlet unless the government finally decides to grant a subsidy and take a huge loss on the accumulated surplus.

In thirty-two weeks, or since our crop season started, we have shipped about 18 million bu of wheat and flour, and this leaves us with 397 million bu for export or next carryover, after allowing for domestic utilization of 685 million bu. In Canada, the situation is even worse. Here, we have a country consuming about 120 million bu of wheat a year, faced with a carryover almost five times that great. Since August 1st, clearances have been less than 75 million bu, or roughly, 21 million bu smaller than they were the previous season. There is 252 million bu more wheat on hand than in 1940, and the total quantity available for export or carryover is at the present time 657 million bu --something unheard of at any previous period in history.

When such conditions prevail, it is no wonder that speculative enthusiasm on the bull side fails to develop. This is particularly true when prospects for the next crop remain satisfactory as at present. The general outlook for winter wheat is good except in some sections of Nebraska, where moisture is needed. It is true that several hard freezes occurred in eastern portions of the belt, where the crop was without snow cover, and yet no material damage has been reported. West of the Rocky Mountains, the condition of grain crops continues unusually good. The cold spell that developed yesterday afternoon was mostly around the lake regions; otherwise, temperatures were near the normal.

At times today our market responded to a slightly improved milling demand, and also, to export sales that had been made to Mexico under a subsidy program. It was thought that possibly 3/4 million bu was sold, and still further bids were received, but the total volume of this business is limited; therefore, it had only slight attention, with the removal of hedges apparently taking place.

Primary receipts were small today, at 285,000 bu compared with 358,000 bu last week, and 519,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 43,000 bu.

At no time did the market display great weakness; possibly some short covering took place on the theory that within the next month crop scares might be at hand. While there was a little freer movement in the Southwest, the premium market was fairly well maintained, and there was no new pressure of consequence, with the result that closing prices were 1¢ per bu higher for the May delivery, while the July advanced in practically the same proportion. Actually there has been very little spreading between various delivery months.

Corn was helped by the strength in wheat. The primary movement is just moderate, and while a good many people feel that there is a definite ceiling over us, it is nevertheless a fact that no important accumulations have taken place, and bookings from the country remain light. This is the reason for the strength of the nearby months; and it seems in one respect that the loan works alike for all cereals: namely, it causes a partial congestion, eliminating even a semblance of a carrying charge.

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CHICAGO February 19, 1941

The food situation in many parts of Europe is critical, and we note, for instance, that in Italy the authorities have ordered all butchers to keep a record of the names of persons who buy meat and the quantities purchased. In many of the German invaded countries, rationing is taking place on a heavy scale, and this is only natural, since there are practically no imports of wheat and rye; nor is there any delivery from overseas of meats and fats. To what extent this situation may be improved after next summer is difficult to guess at this time. Vigorous measures are being taken to stimulate agricultural production in France, in order to have a much greater harvest next summer, and as long as the British blockade remains effective, we see little chance of obtaining much relief for the surplus countries. Even England is apt to require less grain this coming season, owing to the fact that new farm lands have been opened up, and production may be higher than during recent years.

The trade here is fully cognizant of the weakness in the statistical situation, but yet, is hesitant to press the short side of wheat on breaks, with July wheat approaching the 70¢ level, and with many crop vicissitudes still ahead. In our opinion, it will take more than mere scares to give us much of an advance, and we feel that with the tremendous carryover supplies in North America, it will require actual damage to change the picture completely. Nevertheless, there will be periods when every observer becomes his own crop expert; therefore, some caution might be exercised, particularly when markets become weak.

Another factor that has been pointed to recently is that any new legislation in Washington might not be enacted before next July; consequently, there are still great uncertainties ahead as to whether or not the administration will continue with the relatively high loan program in the absence of any new laws. One must, of course, use a certain amount of common sense in trying to figure out the future. It is our belief that regardless of what wrangles may take place on various agricultural issues, the government itself will be confronted with a very serious problem if it finally takes title to nearly 300 million bu of wheat. Obviously, it would not want to repeat anything of that nature during the next crop season. Having already acquired huge quantities of corn and cotton, we believe that the seriousness of the situation is already realized.

According to the government weekly weather and crop report, conditions for the growing crop continue favorable. There has been considerable alternate freezing and thawing in the Southern and Eastern Ohio Valley, but no important lifting was indicated, except possibly some harm in Northern Ohio. With the fall moisture augmented by winter snows in Southwestern areas, we expect to see the plant emerge in an unusually good condition.

Primary receipts were extremely light at 184,000 bu; a week ago, there was a holiday, and last year they amounted to 382,000 bu.Kansas City and Minneapolis stocks so far this week decreased 160,000 bu.

Trade today was comparatively light-- if anything, smaller than yesterday, when 9 1/2 million bu was traded in the pit. Our market was never very weak, and it seems that new pressure from the country is about offset by somewhat improved milling demand. However, with May wheat remaining at a good premium over July, there is not much inclination to carry heavy stocks into the next crop, and this creates a demand just from hand to mouth. With some covering of July wheat, new crop futures gained slightly on May, the nearby delivery closing 5/8¢ a bu higher, while July wheat was up 7/8¢.

Corn met support on slight dips, and finally closed with good gains. Rye was weak on a ruling of the Directors that trading in old crop style of July and September would be limited to liquidation of commitments after February 24th, if the ballot vote of the association was confirmed next Monday.

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CHICAGO February 20, 1941.

During the past two or three sessions, there has been covering of wheat futures for various reasons. Some have concluded that before long we shall be entering the crop-scare period, and already there is talk that, in spite of beneficial moisture in the Southwest, the abandonment may be a little bit greater than had been expected, owing to freezing and thawing weather in parts of the belt; also, high winds have dried out surface moisture, but this morning weather conditions in the Southwest were ideal, with snows reported rather generally and the prospect was for more.

Yet, when our market opened, prices were firm, and this was largely due to an announcement from Washington that administration officials were soon to ask Congress to extend the life of the ever-normal granary program, and it is considered likely that $500 million additional will be sought for the continuation of financing crop storage and price pegging operations. The trade construed this in a bullish vein, figuring that instead of having high loans abandoned next summer, these might well continue. In our opinion (and we have no inside information), we merely regard the item from Washington as indicating that money will be needed to finance existing supplies of wheat, corn, and cotton that have already accumulated, together with many other commodities, and do not feel that this necessarily involves the country in the continuation of a loan program. After all, it has been responsible for the piling up of supplies for many years, and obviously, cannot be continued forever.

Under existing conditions in Europe everything seems to be distorted. Belgium, which often gets its supplies from overseas, is now trying to barter machinery for Russian foodstuffs, and is seriously in need of both grain and potatoes. Greece is also buying Russian wheat, although shipments from the Black sea ports are very light; furthermore, recent sales to Germany involved shipping difficulties, as the breaking up of ice in the Upper Danube with unseasonably mild weather has again caused flood apprehension, --in fact, some damage has occurred. Spain will undoubtedly get the bulk of her imported supplies from the Argentine, and fifty to seventy-five Spanish ships are expected to arrive at Parana river ports between now and June for Argentine produce. Should boats be available in sufficient number, possibly 18 1/2 million bu of Argentine wheat will be disposed of in that manner. Other articles are also to be shipped, such as cotton, beef, etc.; therefore the necessity for adequate tonnage is apparent.

Since August 1, world shipments to European countries are 99 million bu smaller than a year ago, while ex-European nations have taken 5 million bu less. This does not include clearances fromAustralia, which are still censored, but shows what difficulty the surplus countries are having in getting their grain into exporting channels.

Primary receipts were a little heavier today at 450,000 bu compared with 489,000 bu last week; a year ago there was a holiday. Kansas City and Minneapolis stocks so far this week show a total decrease of 406,000 bu.

The undertone was very firm, helped also by some improvement in the price of securities. There was further milling business, which necessitated the removal of hedges here, and this also contributed to the late strength. May wheat advanced 1 1/2¢ per bu, while the July future was up 1¢.

Corn was weak at times, but was finally helped by the strength in the leading cereal, and had a fair recovery.

Rye, in the early trade, was inclined to weakness, as many believe that old contracts of July and September are not particularly desirable since trades after February 24th can probably only be made in liquidation. However, a general improvement in sentiment was helpful to all cereals at the closing bell.

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CHICAGO February 21, 1941.

As far as grain statistics are concerned, there is very little change from week to week, either domestically or internationally. We doubt very much whether we shall have to change our minds on the tentative carryovers for North America which have been previously stated in these letters. Since August 1, 1940, or for a period of twenty-eight weeks, world shipments of wheat and flour have averaged 4 3/4 million bu a week, not counting Australia. On the assumption that clearances during the remaining twenty-four weeks would average 5 million bu, the total would be 254 million bu, and then adding a possible 50 million bu for Australia, the complete figure would probably not exceed 300 million bu, which is the smallest in the last forty years. Canada has placed less than 80 million bu of wheat and flour afloat, and at the present time has available for export or next carryover 646 million bu. Therefore, it is almost a foregone conclusion that all the elevators in that country will be filled when the next harvest is available. Our own clearances are not apt to improve greatly, although recent sales to Mexico have been helpful. Nevertheless, in thirty-three weeks, we have exported less than 19 million bu of wheat and flour, and this is all well in the minds of traders, who for sometime have recognized these facts.

The great uncertainty is on the question of farm legislation. Everyone knows that the loan plan has put the government in the grain business on a big scale. Before long, farmers from Maine to California will probably default on their loans, and thus, various governmental agencies will take title to wheat, and must also assume the charges which have accrued. Whether this experience will cause them to look for another measure in attempting to help the farmer, or whether they will delay the day of reckoning, cannot be said at this time, although there is great agitation in Washington by certain groups to continue the present system regardless of the secondary consequences. Temporarily, it is causing some hesitancy. However, we figure that even if another loan is enacted starting with the new crop in July, the price will not likely be higher than the present one. With the tremendous quantities of wheat overhanging the market and good prospects for growing wheat, we see no reason to anticipate that the price of new-crop futures should advance much, if any, above the 81¢ loan price for wheat in Chicago. Consequently, July wheat at present levels appears to have a ceiling over it. Then, too, with certain quantities of free grain moving by non-compliance farmers, there might be a repetition of what occurred last year, when for a long while wheat prices were considerably under the loan. However, speculators under these circumstances are finding it more than usually difficult to appraise values, which may be based more or less upon artificial remedies.

There is little news from Southern Hemisphere. Argentine shipments this week were 1 1/4 million bu --undoubtedly limited because of inability to obtain greater tonnage. Broomhall estimates the exportable surplus at 167 million bu compared with 114 million a year ago. From Australia we are handicapped in not being able to obtain the usual data, although some believe that the last carryover was considerably larger than is generally recognized. In any case, the long haul to market makes it relatively difficult to export on a liberal scale.

Primary receipts were somewhat lighter at 292,000 bu compared with 371,000 last week, and 916,000 last year for two days. Kansas City, Minneapolis and Duluth stocks so far this week show a net decrease of 439,000 bu. The shrinkage in the visible supply next Monday will compare with last year's decrease of 1,493,000 bu.

At times there was some weakness, particularly with corn, rye, and soybeans under pressure, but there was a fair amount of flour business, which necessitated covering of hedges. The open interest is less than 48 million bu for all wheat futures --almost the lowest figure on the crop. This is indicative of general indifference by both longs and shorts, and also suggests that the number of hedges in the market is much smaller than in ordinary times.

Corn, as well as other cereals, rallied from the lowest figures of the day; bookings of corn from the country were slightly heavier.

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CHICAGO February 24, 1941.

Both Mussolini and Hitler made speeches, neither of which had much influence upon grain or securities markets. Both were boastful as to the future, Italy relying largely upon German aid, while Hitler was forecasting greater naval strength in his attacks upon Britain.

When our market opened this morning, prices were very little changed. There was possibly some hesitancy owing to the fact that various agricultural interests and bureaus had met at Des Moines for the discussion of farm problems and consideration of possible legislation. A good many talkers were imbued with the idea that a high loan price for various commodities was the best method of procedure. Undoubtedly, this might give more satisfaction to producers for the immediate future, but is hardly an argument if surplus stocks are to be disposed of. One might likewise claim that narcotics give a person temporary relief, but after the effect wears off, the patient is subjected to the same ills if they have not been corrected.

Weather has been extremely favorable, with advices from Texas stating that three inches of snow had fallen over all the Texas Panhandle, and more was predicted today and tonight. Furthermore, the entire Southwest had received more or less beneficial moisture, which is particularly useful at this time of year. Some territories have recently complained of dust storms, but undoubtedly apprehension has been lessened.

Routine news and statistics showed little change in the general situation. World shipments were somewhat smaller than last week, and only about half as great as a year ago. Most of the wheat and flour is being placed afloat by North America, but with only 3 1/2 million bu exported this past week, it does not go far in making heavy inroads upon accumulations. Next to Canada, Argentina has the greatest worry on its shoulders. There is still a wheat surplus of 167 million bu, but this is not all since they also have a surplus of corn amounting to 254 million bu, with just a few weeks before another crop is available. Since feeding operations cannot possibly cope with anything that tremendous, and since the chances for exportations are also limited, we feel sure that the question of storage will confront that nation before many weeks pass. Little is heard fromAustralia, where the last wheat crop yielded less than 85 million bu, compared with the five-year average of 158 million bu. Some believe that the carryover is considerably larger than is generally indicated. This would not be at all unlikely, as the 1939-40 harvest amounted to 210 million bu, which was one of the largest crops ever raised, and since Australia was experiencing shipping difficulties, there is a greater quantity at home, as all of the sales to Britain were not fully consummated. However, with censorship, one has to do a good deal of guessing.

There was nothing much to statistics today; primaries were 581,000 bu, practically the same as last week; a year ago they amounted to 1,075,000 bu. The visible supply decreased 1,823,000 bu; total stocks in all positions are 133 million bu, which is 32 1/2 million bu more than was on hand in 1940. At Chicago, there was a shrinkage of 382,000 bu, leaving 10 3/4 million bu at this market.

About mid-session short covering started on the fear that high loans might be continued next season, and this found the market rather bear of offerings. We had an advance of about 4¢ per bu from the low point of the day, with some improvement in volume, although purchases were difficult until after the market had gained considerable ground. At the last May wheat was 2 7/8¢ per bu higher; the July future gained 3 3/8¢ per bu.

Corn was hesitant for a while, but like other cereals was finally influenced by the great strength of the leading cereal.

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CHICAGO February 25, 1941.

Since yesterday's market was largely influenced by fears of what might happen politically, we feel compelled to devote considerable space to this particular angle. First of all, there have been many farm programs sponsored by various legislators, and some were actually drafted with the aid of department officials, but we doubt whether anybody knows at this particular writing which one will finally be pursued. According to information reaching us today, Secretary Wickard and his advisors are expected to be asked to comment on the Bankhead Bill, requiring 100% of parity loans on various commodities, as well as on the certificate plan. Up to this time, the Secretary of Agriculture has confined himself only to pointing out the weaknesses of both these bills. But it is well known that he is critical of any high loan program, because he appreciates as well as the grain trade that it would endanger the credit of the CCC by swamping it with even larger government-owned stocks. Some weeks ago, he called attention to the accumulated supplies, and since that time there is evidence that many farmers from Maine to California are apt to default on their wheat loans unless there is a sharp enhancement in price within the next month or two. Experience has proved conclusively to all students of agricultural problems that the higher the loan, the greater the quantity of any particular commodity that piled up in non-commercial channels.

The grain trade is in a very peculiar position because of these uncertainties. They recognize that certain farm leaders have been advocating a higher loan program for several months, but they also have reason to believe that Secretary Wickard will ultimately determine a stand for the department, and apparently, he has not given any sign of siding with those who believe in that type of legislation. The CCC in general has supported the certificate plan, and is reported ready, or at least willing, to compromise by recommending a 52%, or possibly a 33%, loan to be used in conjunction with a certificate plan. Some fear is expressed that the income certificate plan might not work unless we are able to do some export business, and this is the argument used by those who are clinging to the belief that high loans must continue, regardless of the secondary consequences.

After yesterday's sharp advance when shorts covered extensively, there was some selling of long lines in liquidation, particularl with further moisture in the Southwest and indications that more snow might fall during the next day or two. When our market advances here, there is not much help from Winnipeg, as their situation is equally artificial, and they are coping with a visible supply of 492 million bu, practically a record even on this crop. Overseas shipments of Canadian wheat were only 1,846,057 bu this week compared with 4,210,255 bu for the previous week, and they have a big job on their hands, even assuming that next year's crop is only normal.

Primary receipts were 303,000 bu compared with 285,000 bu last week, and 943,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 94,000 bu. There was a little better flour demand, although we could not trace many hedges being taken out of the pit. Premiums were generally unchanged. The open interest in all wheat futures is down to 46 million bu, which is a record low for all time.

The great lack of interest may have made possible yesterday's sharp rise, as it was difficult to make purchases, except when prices were bid up sharply. Political winds will undoubtedly blow hot and cold on many occasions between now and the next crop, but no form of legislation yet considered will help much in relieving ills brought about by the accumulations of large supplies. This is true for North America, as well as for other parts of the world. At the last May wheat showed a decline of 7/8¢ per bu; the July future was down the same

Corn was off fractionally in sympathy with the wheat decline, and also because of yesterday's bulge, revealing the fact that producers were more willing sellers when prices improved.

An insufficient number of votes was cast yesterday on the proposed new differential on rye and oats to make the ballot effective. Therefore, new contracts could not be traded in today.

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CHICAGO February 26, 1941.

Farm income is always a very important item, inasmuch as prosperity springs from the soil. Therefore, it is most encouraging that 1940 had been so favorable to producers, who received over $9 billion, including cash income from marketings, commodity loans, and government payments. This was nearly $452 million more than in 1939, and was virtually the best year that farmers experienced since 1937. 1941 has also started out propitiously, and farmers were able to market $663 million worth of crops and livestock in January of this year, this being an increase of $46 million over January 1940. The improvement was due to higher livestock prices, but in any case, the Department of Agriculture is now concerned with maintaining gains; consequently, even under able leadership, it is not a simple matter to try to determine future policies.

It is true, of course, that sacrifices had to be made in other directions to obtain the benefits just mentioned. Corn and wheat supplies have piled up, and we believe that the Secretary of Agriculture is fully cognizant that continuation of high loans might in the absence of much export business bring about a situation finally that would be extremely detrimental to the farmer. It is a foregone conclusion that no government, however, powerful or resourceful, could take title to 250 million bu of wheat in one year, plus subsequent annual surpluses, unless in certain seasonswe could be sure of drastic crop failures. After heavy farm board accumulations, there were three or four seasons when each year the yields were smaller than our domestic consumption, but this was rather the exception. Droughts are almost as unusual as bumper crops, and judging from the moisture situation to-date, there is no sign of any great contraction in production next summer.

We find that, despite recent snows, some complaints are at hand. Abnormally cold weather during the week found certain southern portions of the belt unprotected, but at least temperatures were continuously low, and there was no important heaving. Also we gather that reports from Kansas regarding damage are at variance; however, the general condition remains favorable, and not much will be known as to the extent of the abandonment until growing weather sets in. In any event, further snows overnight were very welcome.

Flour business during the past week showed a big improvement. It is not surprising, since consumers and bakers must also have been scared, as were speculators, with great uncertainties ahead. Southwestern sales were 81% of capacity. This compared with 50% the previous week and 24% a year ago. These figures come from the Northwestern Miller, and also show that spring wheat flour sales enlarged even more, with last week's business 135% of capacity, against 42% the previous week, and 101% the corresponding week last year.

Primary receipts were quite moderate at 256,000 bu compared with 184,000 bu last week, and 743,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 201,000 bu. Due to the extremely small trade, and with the market bare of offerings, small buying orders today easily influenced further upturns, particularly as country offerings also dried up with farmers hoping that the government might do something more to aid them. As an example of what can happen when governments are sometimes overly liberal, we need only to call attention to the corn situation in the Argentine. Now faced with a prospect of a large carryover and another big crop, Federal authorities are trying to stimulate home consumption to such an extent that they are offering corn to be used for domestic consumption at about 3¢ per bu. Every bushel sold in this manner will represent a very large loss to the government, which paid 36¢ a bushel in trying to support the price. A radio campaign was started by the Ministry of Agriculture urging the population to take advantage of this offer by consuming as much corn as possible in every shape or form.

Final prices were about 3/4¢ per bu higher for wheat; corn was relatively indifferent, and might have been even lower except that at times it held in sympathy with the strength in the leading cereal. Bookings were heavier.

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CHICAGO February 27, 1941.

All governments entering into new fields of economic endeavor, where artificial stimuli are adopted, would be better off if they first consulted the trade, where experience more than theory is practiced. Very often, many political attempts which appear right on paper have their secondary consequences. It took us several years to pay the full penalty for violating all commercial laws in withholding our wheat surpluses from export channels when the Farm Board was functioning. It is not difficult, therefore, to understand why the experienced businessman in this country has a natural dread of any artificial scheme that even approaches price-fixing. One does not have to review here the Cuban sugar situation, nor the Brazilian coffee valorization; we all know the sad consequences of the English attempt to stabilize rubber prices, and the present chaotic condition in the Argentine, where the government is trying to liquidate its corn holdings by offering the accumulated supplies at 3¢ a bu, if used for domestic consumptive purposes.

The trade here is reluctant to make new commitments with the various bills pending at Washington, some of which are even asking for full parity prices for the farmer. These obviously would put the grain business mostly in the hands of the government, and might mean the end of free marketing in the sense that many have known it in the past. It is so unthinkable that anything that drastic might be attempted, with the tremendous surpluses in the world, that very little attention has been paid to bills of that character. Some do figure, however, that the present loan program might be in force for another year, regardless of the consequences, and this is making shorts extremely timid. It has also lessened the farmers' offerings for the time being, and many of the producers may now be awaiting further details on farm legislation.

With general indifference, and so much wheat impounded under the loan, the open interest in all wheat futures has declined to a figure slightly under 46 million bu, which is the lowest on record. Volume of trade is also extremely small, and yesterday, only 8 1/2 million bu was traded in the pit. This undoubtedly explains why small buying or selling orders affect prices much more than in normal times. There was no particular reason for weakness today, except that shorts had previously covered rather extensively, and with the stock market lower, a few liquidating orders brought about declines.

The Bureau of Agricultural Economics states that the supplies of free wheat are not apt to increase much because, even with warehouse loans expiring, the governmemt may have to take delivery at maturity, unless the price advances to a point at which the farmer can pay off his obligations. They claim that redemptions to-date have been small but also add that the CCC, insofar as practicable, may not sell any 1940 crop wheat that is in good condition except at prices at least at loan values plus charges.

Primary receipts were small at 270,000 bu compared with 450,000 bu last week, and 825,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total decrease of 262,000 bu.

The Kansas weekly weather and crop report was fairly optimistic, although admitting some damage. They say in general that the condition of live plants appears to be maintained at about fall and early winter levels. The same is true for Oklahoma, where moisture conditions are excellent, and winter grains are reported to be in good condition.

The BAE estimates wheat surpluses for export and carryover for three exporting countries as of February 1 as follows with comparisons: (6 ciphers ommitted)

	1941	1940	1939	1938
Canada	664	404	167	55
Australia	90	170	97	124
Argentina	170	126	289	98
Total - - -	924	700	553	277

These figures coming from the government must finally have some influence in determining future policies.

At the last our market was 5/8¢ per bu lower for both the May and July futures.

Corn was also somewhat easier; primaries were larger than last week, and also more than last year.

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CHICAGO February 28, 1941.

The Japanese pressure on French Indo-China to settle the Thailand dispute seemed to be the prominent war news overnight, but the Bulgarian situation also continues to be of grave concern. News from Washington even speaks of this in connection with the possibilities of a change in farm legislation. It seems as though they are viewing our farm problem partially in the light of European war developments this spring, as any sudden end of the war would have a great bearing on the world's agricultural problems.

The piling up of wheat supplies in exporting countries would, of course, be eased with the termination of the war, as shipments would be of a much larger volume than they are now running. So far this season, since August 1st, there has been 139 million bu put afloat, compared with 247 million bu last year. This is exclusive of Australia, which country, according to Stanford University, is shipping heavier than was generally supposed, and appears to be clearing about 1 1/2 million bu a week. On the assumption that they will continue at about this rate, together with possible clearances of 5 million a week from other countries, or slightly more than they have been running for the first part of the season, total world shipments this yearmight reach 350 million bu. However, this is far short of last year when they were 500 million bu, including Australian shipments, which are partly estimated, but this compares with 600 million bu for the crop-year just prior to the outbreak of hostilities. While resumption of normal shipments would be a step in the right direction, it probably would take some time to reduce the huge stocks of wheat available for export. Canada still has 664 million bu available for export and carryover; the United States, about 395 million bu; and Broomhall figures 166 milion from the Argentine.

The free wheat movement in various parts of the country seems to be of only fair proportions, and probably just about equal the demand, and in the red wheat section, with moderate amounts tied up under the loan, the situation seems to be more closely adjusted.

Today's market seemed to be influenced by reports that what changes may be forthcoming in agricultural legislation may be delayed until the latter part of 1941 and not in time for the next crop. Views of other agencies seem to conflict with this, as it is stated that the CCC will probably request only $500 million, and it would take two to three times this amount to finance loans at a high percentage of parity. There is also talk of more damage in the producing sections than some people had thought, although it will take growing weather to confirm such reports. All this brings doubts into the traders' minds, but with new crop futures selling at a price close to last year's loan basis, there is hesitancy in following advances. Should different legislation be enacted, there would be the tendency to follow this in its ultimate market effect, even though the growing crop might be marketed on the basis of the present regulations.

After a nervous type of market the close was 1/2¢ per bu higher for the May future, while the July was up 7/8¢. When the market was near top levels, there seemed to be liberal selling, and best prices of the day did not hold.

Primary receipts were 319,000 bu versus 292,000 bu last week, and 866,000 bu last year. Stocks in Minneapolis, Kansas City, and Duluth so far this week show a decrease of 342,000 bu, indicating a small decrease in the visible next Monday, which will compare with a shrinkage a year ago of 1,404,000 bu.

For a few days the run of corn from the country had been of better proportions, but it was much smaller today. Sales out of here were only of moderate amounts. Although bookings are lighter, there is some talk that consignments are heavier. Primary receipts were 963,000 bu compared with 461,000 bu last year.

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CHICAGO March 3, 1941

Ordinarily at this time of year the trade is guided by many factors, which at the moment appear to be relatively unimportant. For instance, the amount of wheat cleared from Southern Hemisphere countries has a direct bearing upon European prices, and this in turn influences us. Total world shipments this week were only a little over 4 million bu, compared with 7 1/4 million bu last year. The bulk of the grain was exported from North America, 3 million bu having been cleared, and of course, the largest portion comprised Canadian shipments. Furthermore, crop scares, which often start in the winter wheat belt early in March, influence the price of new crop futures, but with speculation at low ebb, not much attention is being paid to this factor, particularly after the experience of last year when a phenomenal improvement took place, and many have called attention to the good yields last summer following the fall drought. They point out that with moisture so much more satisfactory this year, we are likely to have an average crop, unless Nature frowns upon farmers from this point onward.

As these letters have stressed on many occasions, ocean tonnage is so costly and difficult to obtain for shipments of wheat both from the Argentine and from Australia, that the quantities that will be exported this season will probably make a poor showing in relation to other years. Even the occasional pessimistic reports from Europe are overlooked and while the prospects are now below average in most of the wheat producing areas, it is considered unlikely that imports can make up the deficiency, if the war continues. In Italy there has been considerable winter killing while rains have caused damage to crops in Spain and Portugal, and in Western Europe prospects are only average or below; therefore, there will probably be great privations for another year, but this is in no way disposing of the surpluses in exporting countries.

Here at home attention is directed to possible changes in farm legislation. Sub-committee hearings have started in Washington and several officials, including Secretary Wickard, have already testified on various matters. The Secretary does not believe the present loan program will bring parity prices or parity income to producers of wheat, corn, cotton, or tobacco, in 1941 or 1942. As a possible substitute the income certificate plan is receiving some attention, as are also higher loans , but apparently no suggestions are forthcoming until it can be determined whether changes would be for the better.

In the meantime, there is no important pressure upon markets. There is a fair demand for cash wheat even though the milling business has slumped following a short period of improvement. Nevertheless there seems to be considerable wheat at terminals that is going direct from producers to the mills, but no new hedges of importance have come into the pit. This is further evidenced by another decrease in the open interest, with all wheat contracts at less than 45 1/2 million bu, which is a new record low for all time.

Primaries were 646,000 bu versus 581,000 bu last week, and 1,156,000 bu last year. A year ago May wheat was around the dollar mark, and therefore, farmers could redeem their loans, but at present the situation is entirely different. The visible supply decreased 1,641,000 bu; in all positions there is 32 1/4 million bu more on hand than in 1940. There was a shrinkage in Chicago stocks of 216,000 bu leaving 10 1/2 million bu at this market.

Late in the session longs were a little on the defensive, as news from Washington indicated that among committee members there was some interest evident in the Certificate Plan or processing tax. Whether we shall finally have a change in farm legislation, nobody can foretell at this time. In any event, last prices were 3/4¢ per bu lower for the May delivery, while the July future, being somewhat weaker, declined 7/8¢ per bu.

Corn was inclined to firmness, only troubled at times by the weakness in wheat. The visible supply increased 253,000 bu. There is 22 1/2 million bu more corn in terminal stocks than a year ago.

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CHICAGO March 4, 1941.

With surplus supplies piling up in the United States and Canada, it is only natural that both governments should feel concerned about the future. Canada, of course, has the greatest problem, with a visible supply of 488 million bu, and she is faced with a situation where probably all elevators will be filled when another harvest is available. Overseas shipments were slightly better last week than they had been running, but the demand for Manitobas is limited owing to the blockade and German occupation of so many European countries.

In our country, the present statutory life of the Commodity Credit Corporation expires on June 30th next. As a result, the Department of Agriculture officials indicated a few weeks ago that Congress would soon be asked to extend the life of the Corporation, as well as to provide additional capital of $500 million for the extension of loans on crop storage. The present lending power of the Corporation is limited to $1 1/2 billion. In Washington, there is general recognition that without an adequate export market, the surplus problem will continue, and in the words of Milo Perkins, the surplus marketing administrator, he made the prediction that "We are likely to hit an economic crack-up somewhere in the 1940's." The testimony of Secretary Wickard before one of the sub-committees was none too optimistic, because he believed that the present farm program could not be expected to achieve the long-sought goal of parity prices or parity income for farmers. This being the case, there is still some hope that the Certificate Plan may be adopted, --the more so since tremendous funds are being expended for rearmament, and the new proposal would get money from the consumer instead of taking it from the treasury. As some point out, the principle of a two-priced system is already in effect, since we are maintaining more or less domestic prices by keeping them somewhere near parity while attempting at times to subsidize exports at prices considerably under those prevailing at home,

Should there be sudden peace in Europe, some improvement in the demand might readily occur. Foreign crop prospects are not good, as even in the Balkans, the Danube River has been overflowing and causing local damage, while unfavorable weather conditions in Rumania and Hungary during the past two months have offset the good start made by the winter wheat crop last autumn. As yet, there is no figure on likely abandonment, although many observers feel that it might be above normal.

In European war circles, Russia assailed Bulgaria for permitting a German military occupation, and claimed that this was an extension of the war. However, Germany immediately replied that they would have to reject Russia's rebuke to Bulgaria as they could tolerate no restrictions on any measure which they deemed necessary to defeat Great Britain. However, this is the first time that Stalin has extended even a mild challenge to the Axis.

Statistics had no influence upon the market. Primary receipts were 347,000 bu compared with 303,000 bu last week, and 1,042,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 135,000 bu.

Trade was extremely light, probably smaller than yesterday when only 10 million bu were handled in the wheat pit. However, with uncertainties at Washington, nobody can state what artificial influences might still be ahead. Our market is finding it difficult to function properly under the constant threat of new theories and methods, which up to the present time have failed to bring about any real improvement for producers of a lasting nature, yet have disrupted the old and tried methods which were continually improved over a period of time. At the last May wheat was 5/8¢ per bu higher; the July future advanced 1/2¢.

Weather over the belt was colder, but no severe temperatures occurred, nor are any in sight.

Corn was firm, and the primary movement was fairly large, but speculative interest is also at low ebb.

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CHICAGO March 5, 1941

As time goes on, attention is gradually centering upon next year's wheat situation. Undoubtedly, a referendum on wheat quotas will become obligatory, as the law requires that this be done when the prospective wheat supply exceeds normal domestic consumption, exports, and carryover by 35%; then, if two-thirds of the farmers vote in favor of the quota, it will be put into operation. Should there be unfavorable action, the loan program would be withdrawn. However, the winter wheat has already been planted and, according to the experts, who reported today on the probable size of next summer's harvest, we shall have a wheat crop of about 616 million bu. They increased their ideas slightly from the view taken last December, although the government at that time figured we might have a final harvest of about 633 million bu. In any event, there seems to be no scarcity, if normal conditions prevail from this time onward. If we have a spring wheat crop of only 200 million bu, and add the probable carryover of 380 million bu, it would give total supplies at the start of the crop next summer of close to 1,200 million bu. Assuming that the export outlet is no better, then it is only fair to assume that surpluses will continue to accumulate. If the quota is finally adopted by a farmers' ballot, growers who plant in excess of their acreage allotment would have to pay a penalty of 15¢ a bushel on all wheat marketed in excess of their allotment. Secretary Wickard suggested a resolution today advancing the penalty to 50¢ a bu in order to simplify administration of the quotas. This, together with other great uncertainties, obscures the view which one would ordinarily take of future events. It also explains the great speculative indifference at the present time.

Statistics are temporarily overlooked, particularly those of Canada, which country is faced with a reserve stock next August of 550 million bu, or more, to be followed by another crop that will add to this load.

It seems that flour buyers became scared a week or two ago at about the same time that speculators on the short side covered commitments. However, apparently satisfied with their purchases, they withdrew from the market and there have been sharp declines in business since that time. According to the Northwestern Miller, bookings in the spring wheat areas were 52% of capacity, compared with 35% the week before, and 30% a year ago. In the Southwest, sales dropped to 28% this past week from 81% the previous period, and 31% in 1940. It is evident, therefore, that the buying from hand to mouth has been resumed.

We hear little about European crop news in addition to what was mentioned in these letters earlier in the week, except that the International Institute at Rome reports that war conditions have greatly stimulated European acreage. They believe that plantings will exceed the previous record by 3 million to 5 million acres, as more land was sown to winter wheat last fall than ever before. Furthermore, there is a chance that the spring sowings will also increase.

In export circles, Britain is the only big buyer but is confining her purchases largely to Manitobas. 12 million bushels was recently taken, but freight and other charges were very heavy. Broomhall states that while the price was 81¢ at the seaboard in U. S. funds, the delivered price amounted to about $1.15 in Great Britain, without considering the cost of convoying the vessels. Argentine wheat might be laid down at British ports for 15¢ a bu less, but owing to the longer haul and the poorer quality, English millers are favoring the Canadian grades. He further tells us that Australian wheat is entirely out of the question except for those sales that have previously been booked.

Statistics were without much color. Primaries amounted to 350,000 bu. vs. 256,000 bu last week, and 832,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 337,000 bu.

Toward the last, there were a few small liquidating orders, with some people believing that there is a fair chance for the high loan program to be abandoned, but with the open interest at low ebb, it took only a minimum amount of selling to bring declines of 1¢ a bu for the May delivery, while July wheat went down 3/4¢.

The primary movement in corn was smaller; bookings from the country, while fair, were not excessive, and this cereal held rather firm, despite weakness in wheat.

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CHICAGO March 6, 1941.

With winter nearing its end, many are asking how the various European nations were able to get sufficient foodstuffs without supplies from overseas. Ex-President Hoover, as well as other able men, had painted a very black picture; but it must be remembered that the needs of any population cannot be measured by pre-war figures of home production and imports. That the situation remains serious is still a fact, and it is only through the most stringent rationing that countries, such as Belgium, Holland, and Switzerland, were able to survive. Not one of these countries produces large secondary crops which could be substituted for wheat and rye in an emergency. In Belgium, for instance, the bread rationing is one-quarter pound per person per day, but yet it is doubtful whether supplies will suffice. Ordinarily, Belgium imports 65% of its breadstuffs, and it seems that in this country, as in other countries of the Continent under German domination, the populace is receiving less food than the Germans themselves. Pitiful as the situation is, there is no hope of getting supplies from the surplus nations until we have peace in Europe, and the governments of Holland and Belgium, sitting in London, are co-operating with Great Britain and the United States in this essential task. When the war ends, there will be great responsibilities, and undoubtedly the large world reserves will then be available for the invaded countries, even if financial conditions continue bad.

Since August 1st, world shipments, exclusive of Australia, have averaged 4 3/4 million bu weekly. If in the remaining 22 weeks of the season, an additional 110 million bu is cleared, and figuring that Australian shipments might run as high as 75 million bu, one may conclude that total world shipments for the season might reach 328 million bu. Even this figure would be about the smallest for the past fifty years. To-date, actual clearances of wheat and flour from Canada amount to only 85 million bu, which means that there is still 640 million bu of wheat in that country remaining for export or next carryover. In the United States, during thirty-five weeks, we have shipped slightly less than 19 million bu, and there is at the present time 596 million bu left, making due allowance for domestic requirements.

Surely from a statistical point of view no one can see much on the constructive side of the market, particularly so with the wonderful moisture conditions over the greater part of the wheat belt. Snows were reported overnight in many Southwestern sections, some areas claiming as much as 12 inches. However, 4 to 5 inches of snow was quite general, and the map suggests more to come, extending even into the Central States. This occasioned early selling in our market today, although volume of trade was again very light. We note that yesterday, only 7 1/2 million bu was traded in the wheat pit, with only 10 million bu of all grains, clearly indicating the greatest indifference.

While nobody can foresee the future, we like to figure out various possibilities. Naturally, a high loan would bring temporary comfort and relief to producers, but on the assumption that the administration would set too high a price, warranted by conditions, the result would be that all of the surplus wheat would finally end up in government hands, and they would then own practically all the wheat in the country at a very high figure. The present picture suggests that the carryover on May 1, 1942 might reach the half-billion mark. Certainly it would be uneconomic for any government regardless of its resources, to place itself in such a position.

Primaries were moderate at 382,000 bu versus 270,000 bu last week and 695,000 bu last year. Kansas City and Minneapolis stocks show a total decrease so far this week of 373,000 bu.

Toward mid-session short covering set in, and despite bearish statistics, sentiment improved somewhat, as the whole commodity list in the East firmed. Articles such as cocoa, pepper, hides, cottonseed oil, and copper climbed, and while this has no direct relationship to wheat, nevertheless, it did have an influence. May wheat closed 1/8¢ per bu higher; the July future was unchanged.

Corn again was independently strong, even when wheat was weak. There are no large supplies of free corn being accumulated.

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CHICAGO March 7, 1941.

It is a fallacy to put all commodities in one classification in rying to describe market trends. We have referred dozens of times in ar letters to the fact that when an article is overproduced, it can un contrary to a trend, and this was noticeably demonstrated during the first World War, when almost everything advanced in price except offee. Yesterday, there was considerable short covering in wheat, ecause several commodities listed on Eastern exchanges were going into ew high ground. However, when analyzed, many imported articles had isen in price because ocean tonnage was scarce and it was difficult to get commodities, such as cocoa and pepper, to our shores; but by the same token, it is equally difficult to export wheat and corn. We note in England that cattle and herds are being slaughtered because of the inability to get feed supplies from overseas in sufficient olume. Thus, one must look at each article and analyze it separately.

Because of the fact that shorts had been pretty well satisfied esterday, an announcement today that the President would meet with enator Bankhead and Secretary Wickard to discuss the possibility of higher loans had a limited effect marketwise. Naturally, there was ome nervousness, but most of this was displayed right after our market opened, and again towards the last. Officials close to Secretary Wickard and the White House are predicting a compromise between the 00% parity price asked for in the Bankhead Bill and the 52% parity oan recommended by the Secretary. However, these political uncertainties imparted the jitters to those attempting to formulate ideas, and also have kept a good many people out of the market entirely; thus, explaining the small open interest, which is again at the record low or all time.

From a statistical point of view longs are not getting much encouragement. It appears likely that the Canadian carryover next ugust will approximate 575 million bu. While it is too early to ave any ideas of next summer's crop, some are talking 435 million bu, which is not excessive based on the intended acreage. Thus, there might be over one billion bushels of wheat on hand in all positions, ith domestic requirements probably not in excess of 125 million bu. rgentine shipments are not making heavy inroads on their accumulations; here was 1,895,000 bu placed afloat this week --even smaller than ast year, and according to Broomhall, the exportable surplus remaining in that country is 164 million bu, which is a big supply considering the quiet demand.

European war news has had very little influence lately upon markets. The latest reports from Bulgaria tell of heavy German troops weeping Southward, and possibly the Nazis have made up their mind that urkey cannot be won over to the Axis, and that Greece is determined to ight on. The German Minister at Athens had a long conference with the reek Premier last night.

Today's statistics were without much color; primary receipts mounted to 359,000 bu; this compares with 319,000 bu last week, and 39,000 last year. Kansas City, Duluth and Minneapolis stocks so far his week show a total decrease of 689,000 bu, indicating a fair hrinkage in the visible supply on Monday. A year ago it decreased 71,000 bu.

The map suggests clearing weather, but recent moisture has been xtremely beneficial, and the Modern Miller comments upon the fact that ll sections of the winter wheat belt received moisture the past week. herefore, talk of possible dry weather has subsided.

There was never much weakness during today's session, as a good many people are now fearful that higher loans for the next crop may e established. Several speeches are scheduled for tomorrow night n the eighth anniversary of the AAA, and possibly more will be known fter that time. May wheat lost ground on the new-crop futures, the heory being that a sharp advance might bring out impounded supplies, while new-crop futures would benefit more if higher loans were invoked. t the last May wheat was 1¢ per bu up; the July delivery advanced 1 1/2.

Corn was indifferent, but felt the effects of higher wheat prices, nd final quotations were fractionally higher.

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CHICAGO March 10, 1941

The passage of the Lend-Lease Bill by the Senate had been expected. Undoubtedly, this will hasten the defense program, and will also stimulate the manufacture of articles that are needed by Britain. Therefore, its influence upon the business of the country will continue to spread. There has already been a great improvement in the unemployment situation, and in some lines higher wages have resulted, which is only natural, with an expansion in industry even greater than some of the optimists had looked for.

Lifting the demand for goods, one might argue that possibly agriculture is also entitled to increased benefits, but with large accumulations in wheat, cotton, and corn (admitting that this is desirable in the event that we might finally be drawn into the war) one cannot help but ponder over the immediate problems of the administration. On the celebration of the eighth anniversary of the activity of the AAA, President Roosevelt spoke of the improved farm situation since 1933; also, the Vice President and Secretary Wickard concurred in the accomplishments of the Department. However, nothing was said as to future policies.

One must also consider that wartime statistics may be only of secondary interest and importance to nations like Canada and England, but yet, world supplies of wheat in the present cereal year have attained a record level, and because of wartime restrictions on the demand, the margin between supply and requirements is wider than it has ever been before. We have pointed out in previous letters that world shipments for the first six months of the season, after making allowance for possible clearances from Australia, have probably been the smallest for the past half century. We now see that Mr. Broomhall has cut the figure for the third time on possible import requirements, as a result of the showing to date. The President stressed the importance of large farm reserves in his talk last Saturday, and possibly these large reserves will be of great benefit once peace is established in Europe. However, the more serious aspects of the problem may first come into play, and the higher the loan price that is invoked in this country, the greater the accumulations that must finally be dealt with.

Canada is also faced with a very serious problem and has not yet announced her plans for the 1941 harvest. It seems, however, that the scheme most generally favored is to raise the basic price, with the understanding that producers will only be able to market a portion of their average harvest. Such a plan may bring about a small reduction in acreage, without setting up a costly control system on agricultural activities. In Australia, the government is reported to be prohibiting any increase in wheat acreage, although with a crop failure last year, it does not insist on any reduction. However, the guaranteed price will only be paid on a crop of 140 million bu. During the past five years, the wheat crop has averaged 157 1/2 million bu per year. Thus, it can be seen that all the surplus nations are confronted with difficulties, and the adoption of further artificial methods greatly obscures the picture, and tremendous uncertainties will undoubtedly continue.

There was a slight increase in the milling demand as the result of recent price advances. As far as crop news is concerned, the last moisture has been beneficial, and while cold weather may have done damage in isolated localities, apparently little is permanent, and the condition of the crops continues generally satisfactory. Subsoil conditions in the Southwest are particularly favorable.

Primaries are about in line with last week, and last year. The visible supply decreased 1,844,000 bu, leaving 129,615,000 bu in all positions. This is 31 1/2 million bu more than was on hand in 1940. Chicago stocks decreased 210,000 bu, but there is still over 10 million bu in this market.

Prices were never weak for any prolonged period; nervousness over higher loan figures imparted strength, with closing prices nearly the best of the day. May wheat showed an advance of 1¢ per bu, and lagged somewhat behind the deferred months; the July future was up 1 1/4¢. The carrying charge to September widened slightly. Until more is known of the legislative program, forecasts are almost impossible.

Corn was independently weak for a time, but finally was influenced by the upturn of the leading cereal. The visible supply increased 627,000 bu. Undoubtedly offerings from the country will improve if prices are maintained or go higher.

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CHICAGO March 11, 1941.

Business gains, based upon an armament program that is financed by increases both in debt and in taxation, may possibly not lead to lasting recovery. The fact remains, however, that defense spending is likely to advance labor costs and workers are already demanding some wage increases, and there is little doubt that they will be satisfied. Hence, the farmer also wants his share of the temporary period of prosperity, should we get even a moderate upward spiral. This all tends to keep inflationary ideas alive. So far as commodities are concerned, during the past few weeks we have seen advances in those articles that were dependent upon the shipping situation, and naturally, imports were the first to be affected. The fear of cessation of shipments from the Far East and further advances in ocean freights could have no other result.

The wheat market is becoming a little more two-sided, at least for the time being. Shorts have covered on a large scale. Prices have come up 10 to 11¢ from the low point, and in fact, September wheat today went into new high ground. There is some talk of crop deterioration but crop scares during March and April are not at all uncommon. Yet in view of the fine moisture, we are not willing to settle for a small crop, and are mindful of an old adage that when all farmers complain that there has been too much rain, the chances are there has been just enough. In other words, so much territory is semi-arid that when the ground is well soaked in the early spring months, these extra reserves are extremely useful at a later date.

There has been nothing yet to indicate what policies may be adopted in connection with next year's wheat loan. Many rumors have been circulated, but as far as we know, Secretary Wickard has not expressed his opinion as to what should be the final solution. There was talk today that possibly a sliding scale of farm loans would be sought, but that it might not be announced until after the size of the crop became apparent. Should a policy of that kind be pursued it would continue to cause great uncertainties and our markets would have many erratic swings, some of which would undoubtedly be detrimental to producers who still had free wheat on hand. Taking a longer view of the situation, if the price should advance materially, it is quite likely that the impounded supplies from the last crop would finally come back into normal trade channels; in fact, we can foresee a situation where 250-275 million bu might finally be released, thus furnishing sufficient wheat for six months' domestic consumption. This grain might have to be hedged in new crop futures, and therefore, artificial stimuli bring about many secondary consequences that no human being can predict.

The milling demand for the past two days showed a slight improvement, and possibly the removal of May wheat hedges was responsible for increasing the premium of May over the deferred months. However, a late report was circulated that the CCC would not sell its wheat at the loan price, plus accrued charges at this time, although owning only trifling amounts. The decision that these government stocks are not to be sold is designed to encourage producers to redeem and sell the loan stocks, officials said. They insisted that this is the usual policy of the corporation.

Primary receipts were 384,000 bu versus 347,000 bu last week, and 980,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of only 130,000 bu.

There was very little feature to the trade today, except that strength in May wheat at times affected the other months. Nobody seemed willing to go far from shore in making commitments, although we note that yesterday with a trade of 20 1/2 million bu in the wheat pit, the open interest increased 605,000 bu. At the last May wheat showed an advance of 3/4¢ per bu; the July wheat closed 1/8¢ lower.

Corn was finally higher; trade was probably much the same as yesterday when only 2 3/4 million bu were traded. There is still a feeling that sharp advances may bring about a heavier movement from the country.

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CHICAGO March 12, 1941.

Momentous problems are arising almost daily, and yet, markets are very little affected by matters of the greatest concern. Yesterday, for instance, the President requested $7 billion for the aid of democracies, and while this had been more or less expected, it naturally is bound to affect tremendously fiscal policies of the future. In one respect, however, we find that human nature is the same all over the world. This seems to be true in every country and in every climate It seems that whenever profits become large in any industry, either in mining or on the farm, production is almost immediately increased. We have seen that when the price of gold was raised about 70% in this country, the profit motive brought about a tremendous increased production. When the price of wheat gradually rose from 45¢ in 1933 to $1.30 in 1936, the farmer increased his wheat acreage quite substantially. The same was true in Canada, where the Ottawa government had been trying to aid producers, with the result that last year's acreage made a new record, and was almost double what it had been prior to 1914. It is true that reductions in acreages have been attempted, with money paid for these adjustments in our country. Formerly, our system of economics did the same work almost automatically. In other words, a high price following a short crop curtailed consumption, and a low price following a large crop increased consumption. While much consideration has been given to securing better prices for producers, it must always be remembered that in the end the consumer is the power that directs ultimate production. A price that is too low does not maintain production, and similarly, a price too high does not maintain consumption.

When our market opened today, there were some liquidating orders following yesterday's sharp advance in the May delivery. It seems that the government is trying to prevent unnecessary accumulations in all commodities, and apparently, they want the wheat farmer to try to liquidate his obligations rather than defaulting on contracts if the market price is favorable. This being the case, they are not selling immediately federal holdings which might be an added burden to the market. Also, in cotton, we note that the CCC is planning to call all its loans on the 1938-39 cotton crop, claiming that because of favorable market conditions for liquidation of the loans, it would be advisable not to have an extension to next July, as had been anticipated earlier. The trade paid some attention to these factors, but was also influenced by a statement from Washington that Britain needed concentrated food products and for the present, at least, would probably not be in the market for surplus crops, such as cotton, wheat, corn, and tobacco. Apparently, Britain needs to conserve shipping space to the utmost. We had never been very much encouraged over the prospect of selling any considerable quantity of wheat to England with such vast stocks in Canada, but others held a different view.

While there had been considerable crop news yesterday on the broad tape, there was very little this morning. The government claimed that there had been little change during the week, and the general outlook apparently continues satisfactory, although a determination of actual conditions is not possible until more active growing weather obtains.

The flour demand today was somewhat poorer, and we note for the week, Southwestern sales were 27% of capacity, compared with 28% the previous week, and 34% a year ago. In the Northwest, mills sold 30%, against 52% a week earlier, and 30% in 1940. This is according to the Northwestern Miller.

Primary receipts today were 350,000 bu --identical with last week, and compare with 706,600 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 264,000 bu.

Trade was just of fair proportions, but after early liquidation there were minor recoveries. We note the open interest yesterday again reached the lowest figure on record, with only 43 1/4 million bu of contracts open in all futures. May wheat finally showed a loss of 1¢ per bu; the July delivery declined the same.

Corn was firm, and seemed to show independent strength. Bookings from the country were moderate, but apparently pressure is not burdensome.

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CHICAGO March 14, 1941.

There is very little in the wheat situation similar to what took place during the first World War. One exception possibly would be the losses being sustained on the high seas, and while we have no absolute figures, we judge about 10% of the boats carrying foodstuffs is being sent to the bottom. It has now been announced by the British Food Minister that a small mission is being sent to the United States to discuss arrangements to obtain supplies under the Lease-Lend Bill, but apparently, England wants concentrated foods and is not in need of wheat, particularly as she is getting these shipments in sufficient quantity from Canada. Anyone who has studied Canadian statistics must have felt rather certain that Canada would have the first call on wheat export business to Britain, owing to the tremendous supplies remaining in the former country.

Since August 1st, less than 91 million bu of wheat and flour has been placed afloat by that country, and there is at the present time a surplus of 635 million bu over and above domestic needs, a quantity which is 247 million bu more than for the corresponding period of 1940. No wonder the government took such drastic steps in attempting to reduce the yields of next summer's crop. Despite the war, shipments have been 22 million bu smaller than they were a year ago, and this despite the fact that there has been no heavy competition from other countries. Our position, after 36 weeks of the crop season, finds us with total clearances of 19 1/2 million bu, leaving us still 397 million bu for export or next carryover, after allowing for domestic utilization of 685 million bu. Thus, the surplus situation in North America is one that requires careful study from all sources.

The railroads in this country recognizing this, have reported an agreement with the Department of Agriculture that they will not permit wheat to be loaded into cars unless there is definite assurance that the grain will be unloaded promptly at destination. It was made clear also that this policy would include the carrier's refusal to permit cars to be loaded at country stations, even if the grain had to go on the ground, rather than tie up equipment in any form of grain storage.

North America is facing reserve supplies from past crops heavier than at any time in history. Therefore, it is essential to see that the price is not artificially placed at too high a level; otherwise, consumption may be curtailed. It has undoubtedly been recognized that if prices during the Farm Board era had been permitted to seek their level, the feeding of wheat might have been of tremendous proportions.

Should the war continue, we look for world shipments to remain small. They have averaged less than 5 million bu weekly, not taking into account clearances from Australia. Broomhall now estimates that for the whole year, they will not exceed 360 million bu, including Australia. Of the 150 million bu cleared during the first 31 weeks of the crop year about one-fourth was destined for ex-European countries, Shipments from the Argentine this week were about 2 million bu, and there still remains 162 million bu surplus wheat in that country, compared with 108 million bu a year ago. The Argentine government is really more concerned over corn supplies, with 222 million bu surplus just before another crop is harvested. This compares with 11 1/2 million bu on hand in 1940. With inadequate shipping facilities, there is great concern over the future.

Primary receipts were 459,000 bu compared with 359,000 bu last week, and 648,000 bu last year. Kansas City, Duluth and Minneapolis stocks so far this week show a net decrease of 563,000 bu. When the visible is posted on Monday, it will compare with a shrinkage last year of only 728,000 bu; at that time considerable impounded wheat had been released.

Our market was rather indifferent; trade was on a smaller scale, and while pressure was light there was also lack of enthusiasm on the long side, as recent developments have shown that extreme bulges were not sustained. At the last, May wheat was 1/2¢ per bu higher; the July wheat advanced 3/8¢.

Corn was without feature. While the feeding ratio between corn and hogs is more satisfactory, many are afraid that a sharp upturn might bring out government holdings.

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CHICAGO March 17, 1941.

For the past week or two, trade has been nervous over possible developments at Washington, and while it has been known that some increase in farm prices was desired by the administration, nobody could tell just to what extent it would be helped by way of higher loans. It is also recognized that sharp increases in price levels would add to the problem of production control, and we saw, for instance, during the first World War how new acreages were opened up as the result of extremely high prices for wheat throughout the world. At the White House conference on Saturday, the President told a Congressional group representing the farm block that he was opposed to any additional farm benefit legislation at this time. He claimed that, with increasing consumption and reduced buying power as the result of more taxation, it would be unwise to enact legislation designed to increase prices of the basic agricultural commodities. He pointed out that there was no need for additional laws to provide an increase in CCC loan values of articles, such as wheat, cotton, corn, Tobacco, etc., and in view of the opinions expressed at the conference, the Congressional members doubted that the discretion to increase loans would be exercised.

Under the present law, wheat loans might vary between 52 and 75% of parity, and since traders had figured that the maximum might be asked for, today's statement caused a fair amount of liquidation, with prices of new crop futures leading the decline. With fairly high prices last week for the May delivery, farmers were able to repay some of their obligations and according to the last release, there have already been substantial repayments of 1940 wheat loans. As of March 11th, over 6 million bu of wheat was redeemed, and with a total of 278 million bu impounded, this would mean that there is still 272 million bu frozen. The Corporation claimed defaults on 782,416 bu of wheat, but since all loans on elevator-stored grain fall due eight months from the time they were entered into (but not later than April 30, 1941) farmers must soon decide on the bulk of their loans whether to default or to pay off their indebtedness.

A cold wave driving from the North brought low temperatures to the Northwest, and also to the regions around the Lakes, but in the Southwest temperatures were relatively better and there were no fears expressed over possible damage to the winter wheat crop. Generally speaking, the outlook continues satisfactory. There have been complaints of freezing and thawing through the Ohio Valley, but no extensive lifting was in evidence. West of the Rocky Mountains, the outlook remains entirely satisfactory, with much spring seeding reported in Washington.

World shipments this week were 7 3/4 million bu practically the same as laxt year. North America placed about 5 1/2 million bu of wheat and flour afloat. Elsewhere, there was nothing important except for the 2 million bu shipped from the Argentine.

When the visible supply was posted, it showed a decrease of 2 1/2 million bu. Total stocks in all positions amount to about 127 million bu, which is nearly 30 million bu more than was on hand in 1940. Today's primary run was a little better at 654,000 bu compared with 551,000 bu last week, and 764,000 bu last year. Chicago local stocks decreased 310,000 bu leaving about 10 million bu still here.

Considering the news from the East, wheat prices held relatively firm. The President apparently will not press for higher loans, judging from the tone of messages received today. However, there are still great uncertainties ahead, and until definite conclusions have been reached markets will undoubtedly remain nervous. When soybeans were strong today it had an influence on wheat, but there is very little short selling, and likewise, little pressure from the movement of the crop. At the last May wheat was down 7/8¢ per bu; the July delivery declined 1¢.

Corn was rather firm; the visible increased 268,000 bu; total stocks are close to 63 million bu, but a large part of this represents government holdings. Trade in the pit was extremely light.

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CHICAGO March 18, 1941.

Great Britain and the United States have practically reached an agreement whereby American food is to be shipped to unoccupied France. As a starter, two small French ships will soon sail from New York with American bread grains, and thus get through the British blockade. It is more than likely that Britain is anxious to show her good will toward the United States in permitting these shipments as a way of indicating gratitude for the passage of the Lend-Lease law. It is, of course, true that conditions in Vichy, France, are deplorable. As a matter of fact, in all the occupied countries rationing and declining standards are portents of worse to come. The explanation is simple, since Germany has been steadily stripping these countries of their current food supplies and of their reserves. In most of them at least a year's stock had been set up, so that together with the harvest of 1940, it would have been sufficient to take care of the populace, in spite of the damage of war, at least until next summer when another crop would be available. However, these invaded countries have been plundered to feed the invader, and Norway has lost her fish supply, Danish livestock has been slaughtered, and as much as 17 million pounds of butter left Holland in one week. France is so divided that frontiers are separating the rich farming country from the poorer unoccupied districts. Moreover, a general share of all foodstuffs arriving at Marseille has been taken from the unoccupied territory; but, apparently, the Red Cross will supervise the shipments now being made to see that they are properly used by those for whom food is actually intended.

Our market responded to the possibility of future shipments to unoccupied France during the current season, and there was also an appeal to the United States from Ireland for food and guns, with the Irish Prime Minister claiming great danger of that country being completely cut off from bread supplies. Pressure upon the market was light, and with little resistance fairly good gains were scored. Those who had paid considerable attention to farm legislation in Washington forgot that element of the news, although there seems to be a drive in Washington to increase parity appropriations for next year, since the President is apparently opposing higher loans. This also will cause great uncertainties until we finally know what type of farm program or legislation will be adopted. The advance in May wheat will unquestionably permit farmers to redeem supplies on which otherwise defaults might have occurred, and we presume that each week the CCC will announce to what extent frozen wheat is being returned to the regular trade channels.

Later in the day, the Crop Reporting Board will issue a report on farmers' intention to plant for the 1941 season. This will include spring wheat, corn, oats, barley, and soybeans, although we doubt whether any surprises will take place when this news is published.

The Canadian wheat visible is 486 million bu compared with 315 million bu a year ago. Of this quantity, 43 million bu is in American lake and seaboard ports in bond ready for re-export when sales are made. At the same time, it is estimated that the total amount of wheat in Canadian hands is about 635 million bu, which means that approximately 150 million bu is still held on the farms in Western Canada. Seeding requirements this season will not likely exceed 35 million bu, leaving 115 million bu of wheat still to be marketed between now and the first of next August.

Primaries were 405,000 bu versus 384,000 bu last week, and 1,035,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 80,000 bu.

With the commodity list generally strong, grains and soybeans were in demand. Little attention was paid to weather or crop news, and at the last May wheat was 1 5/8¢ per bu higher, the July advanced 1 7/8¢ per bu, while the September future made a season's high. Trade was probably somewhat larger than yesterday when 11 million bu were traded in the wheat pit.

Corn was very strong, sales out of Chicago were 240,000 bu, and bookings were about as large. We understand that government offerings are 6¢ over the May future, instead of at a flat price. This apparently encouraged business on the constructive side of the market.

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CHICAGO March 19, 1941.

The carryover feeling from yesterday was rather bullish. Almost the entire commodity list had staged a general advance, with new seasonal highs in domestic sugar, cottonseed oil, and silk; also, coffee and pepper hit new tops since 1937, and one of the few losers for the day was rubber, which ran against the trend. This created a rather bullish sentiment, particularly when the government report late yesterday showed a decrease of about 7 1/2% in farmers' intentions to plant their spring wheat crop. Possibly one reason for the smaller acreage is the fact that condition of the winter wheat in the Pacific Coast States is so satisfactory that it will not be necessary this year to re-plant with spring wheat. However, we are not positive that this is the reason, and also appreciate that much can happen yet either in the price, or a change in the weather, to influence the farmers to sow a greater or a smaller acreage than is now contemplated when seeding time arrives.

In any event, we call attention to the fact that in 1940, winter wheat acreage planted was 43,820,000 acres and spring wheat, 18,547,000. The abandonment was fairly heavy, and the total harvested acreage amounted to only 53 1/2 million acres. For the 1941 crop, we are starting with a sown area of about 63 1/2 million acres, assuming that the farmers' intentions for the spring wheat will turn out as now indicated by the government. Therefore, with more favorable weather, it is quite likely that we shall have a larger standing acreage than a year ago. Consequently, we have not given up hope of a final crop fully as large as the previous one, although, of course, any calculations made at this time are subject to great changes, which cannot be foreseen too far in advance; but we must assume at this writing that average conditions may prevail from now on.

There is still considerably uncertainty over farm legislation. Secretary Wickard has refused to pass either favorably or unfavorably on the Bankhead Bill, calling for full parity prices. However, before the Senate Agricultural Committee, he stated that wheat and cotton are facing difficult times, and unless these commodities received additional support, their prices may go to pretty low levels. The Secretary favors a reduction in wheat acreage from 55 million to about 50 million acres, although we presume that this is intended for the 1942 harvest. While the Federal government is planning to spend about $450 million for agricultural commodities to Great Britain under the Lend-Lease bill, it is not considered likely that purchases of grain are contemplated; the various foodstuffs consist chiefly of dairy products and concentrated foods.

Recent strength in the wheat market has been helpful to flour business, and according to the Northwestern Miller, spring wheat mills sold 75 per cent of capacity last week, compared with 30 per cent the previous week, and 40 per cent a year ago. In the Southwest business was 50 per cent of capacity against 27 per cent a week earlier, and 31 per cent the year previous. The week's business consisted largely of bakery sales.

Trade in the pit was undoubtedly on a larger scale, although outside buying power did not increase as much as might have been expected considering the sharp advances during the past month. There is still a great deal of hesitancy owing to the large supplies on hand, and the artificiality surrounding the market.

It is rather difficult to learn how much impounded wheat is being redeemed with the advance in prices for the cash article. From what we can learn there are fair amounts of red wheat in Missouri coming out, but not a great deal elsewhere.

Primaries were 548,000 bu versus 350,000 bu last week, and 647,000 bu last year. Kansas City stocks decreased 54,000 bu for two days.

With the great strength in soybeans, there was never a time when much weakness was displayed in any of the cereals; in fact, July and September wheat made seasonal highs, and little attention was paid either to statistics or crop news. With so much wheat still impounded there is no balance wheel, and consequently, with shorts thoroughly frightened, buying orders seemed to advance the price level rather easily. At the last May wheat, which had lost ground on the new-crop

(O V E R)

futures, gained 7/8¢ per bu, while the July delivery was up 1 3/8¢.

Corn was very strong, bookings from the country were heavy considering how poor the roads are, but the government's action yesterday in raising its ideas on values of frozen supplies is having a temporary influence. The Secretary of Agriculture told us he was not alarmed over the corn situation, even with a surplus of 700 million bu, as there would be greater demand for poultry, dairy and meat products by the foreign democracies, which would utilize considerable corn. The yellow cereal displayed a very strong undertone throughout the session.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO March 20, 1941.

If anyone had bought commodities during the last month or two, he would undoubtedly have a profit today, as the rise has been quite general, and some articles traded in the East have now become the most active in recent years. It was not so long ago that sufficient outlets could not be found for West African cocoa, and the mid-crop had to be burned, a destruction which caused great bitterness among growers, who claimed that cocoa was stored in the last war for two years, and who did not fail to point out that the deliberate wastage of foodstuffs is punishable in Great Britain. Even coffee has advanced sharply. Statistically this article is in the worst position of all. According to figures given by the Chairman of the Kenya Coffee Board, even in peacetime world consumption only amounted to one million tons against a production of 2 1/2 million tons.

In wheat, there have been various factors responsible for the recent rise, but primarily sentiment was bullish based on the possibility of artificial stimuli that might be invoked. The student of statistics has pointed out many of the pitfalls, and even the government has recognized these, with Secretary Wickard calling attention to the fact yesterday that wheat and cotton are facing difficult times, and unless these commodities receive additional support, their prices may go to pretty low levels. As yet, there has been nothing definite out of Washington concerning the farm program, and while many legislators appreciate that an excessively high loan level will add to the problem of accumulations, there are others who are looking at the picture merely from the point of political expediency, and how the farmer should benefit in relation to others, when billions of dollars are being spent for armament preparations.

There are some small quantities of United States wheat and flour being exported, but the amounts are not sufficient to change the statistical picture. South America bought some flour from this country today under a subsidy of 90¢ a barrel, and China also took 7,500 barrels, shipment to be made from Gulf ports; but, generally speaking, Canada is doing the bulk of the foreign business. Her shipments this week reached the high figure of 5 1/4 million bu, according to Broomhall, but in spite of this, is facing a record carryover next August.

During the past four weeks, 2,303,000 bu of Argentine wheat has been exported to Spain, and the latter country is employing all the seventy vessels in transporting wheat and corn from Argentina, and is contemplating commandeering 25,000 tons of neutral shipping tied up in Spanish ports. At the present time, the exportable wheat surplus in the Argentine is officially placed at 162 millions. Australia does not cut much figure; her last crop was a failure. The censorship continues, and the latest figures on the visible supply were for February 21st, when there was 68 1/2 million bu of wheat in store.

A few days ago, when the government report was issued showing a decrease of 1,410,000 acres in prospective spring wheat seedings, we hazarded the opinion that possibly the fine prospects on the Pacific Coast for winter wheat would not necessitate the re-seeding to spring grain. This apparently is correct, as a decrease of 1,123,000 acres occurred in the four States of Washington, Oregon, Montana, and Colorado.

Primaries were 536,000 bu vs. 413,000 bu last week, and 718,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 175,000 bu.

At times wheat was quite strong, but apparently redemptions in the past week have been the heaviest during the 1940 program, according to the Southwestern Miller. With various commodities showing hesitancy, there was finally profit taking, the result being that May wheat closed 1/2¢ a bu lower, while the July delivery declined 7/8¢.

Corn was fairly firm early, but also gave ground in sympathy with the break in soybeans of about 2 1/4¢ a bu. The change in the government program of raising the ceiling has been a slightly bullish item, but apparently the premium over May has not permitted them to liquidate their holdings.

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CHICAGO March 21, 1941.

The general commodity list has shown some hesitancy, and this is only natural after about ten days of consecutive rises. Yesterday, heavy profit taking appeared in the major markets, and after sharp advances, such as have occurred, we believe that speculators who are looking at the constructive side must analyze every commodity on its own merit.

After the close last night, the government announced that it was offering corn at 70¢ a bu, which was a premium of 5¢ over the May future, or relatively 1¢ cheaper than previously. This caused considerable liquidation when our market opened this morning, indicating a possible ceiling, particularly if the accumulations were to be liquidated at around present levels. We understand that the CCC will not sell its corn for less than 69¢ a bushel.

In wheat, the statistical picture has not been altered to any extent since the advance started about four or five weeks ago. About the only change really is the tendency toward trying to secure smaller acreages for Canada and the United States. In the former country, shipments of wheat and flour since August 1st have amounted to merely 95 million bu. This is a reduction of 25 million bu from the previous year, and at the present time there is still 631 million bu remaining for export or the next carryover, practically 250 million bu more than was on hand at this time in 1940. Consequently, a fair sized reduction in acreage for the next crop will not necessarily bring about a bullish condition. In our own country, even with various subsidies that have been offered from time to time, thirty-seven weeks have passed, and clearances have been slightly less than 20 million bu. Considering the difficulties in shipping from the Southern Hemisphere nations, this is not a particularly good showing. It still means that we have about 395 million bu left for export and carryover, allowing for domestic utilization of 685 million bu. This being the case, a reduction in spring wheat acreage to about 17 million acres is not particularly significant, although attention has been directed to this factor since it is a decline of about 4 1/2 million acres from the ten-year average, 1930-39.

The chief trouble in all exporting countries is the lack of foreign demand. World shipments in thirty-two weeks have averaged less than 5 million bu, not taking into account what has been cleared from Australia. Assuming that Broomhall's estimate of 360 million bu for the entire season is to be reached, the clearances from now on, or in the remaining twenty weeks, would have to almost double.

There can be no doubt that farmers' repossessions have increased, with prices sufficiently high in many instances to permit the paying off of federal obligations; but otherwise, pressure is rather light, and the large quantities still impounded are creating an artificial situation. According to an eastern dispatch, there might even be a chance for higher loan prices, as this question has not been definitely settled yet, and while the President was averse to the idea a week or ten days ago, the administration still feels that something might have to be done in order to stave off the farm bloc's legislative drives toward larger parity payments.

Primary receipts today were 574,000 bu compared with 459,000 bu last week; a year ago there was a holiday. Stocks at Kansas City, Duluth and Minneapolis so far this week show a net decrease of 221,000 bu. We expect a fair-sized shrinkage in the visible supply on Monday, which will compare with a decrease last year of 1,269,000 bu.

Trade was on a smaller scale than previously. The market received only fair support, and there was the feeling in some quarters that the correction after a sharp advance might have to go further. A fair milling business was reported, but not many hedges were taken out of the pit; possibly the daily receipts are taking care of the present volume of business. At the last May wheat showed a decline of 1¢ per bu, while the July delivery was 3/4¢ per bu lower.

In corn, most of the action came right after the opening; bookings were about equal to sales from this market, but the fact that the CCC had lowered its asking price put a damper upon bullish enthusiasm.

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CHICAGO March 24, 1941.

The Balkan situation was the center of interest in the European war situation, and while it is expected that Jugo-Slavia will probably sign an agreement with Germany and the Axis, it is requiring drastic steps to maintain order throughout the country, with great tension, as many uprisings have been started. At the moment, developments do not appear particularly cheerful from the British standpoint.

There are so many great differences in grain circles between the last World War and the present one that prices are little influenced by foreign events. Between 1914 to 1918, exports were much larger for the reason that Italy, France, and Holland were all importing wheat freely. At the present time, clearances are so small from the surplus countries that one is possibly safe in forecasting that shipments for the entire season will probably be the smallest for the past eighty years. Broomhall points out that the Corn Trade News was founded in 1888, when world shipments of wheat and flour were averaging about 350 million bu a year. He goes on the assumption that from Australia, where censorship exists, and where naturally there is a good deal of guesswork, clearances are at the rate of only 56 million bu per annum. On that basis, the world movement is less than 280 million bu per annum. This is the reason why supplies in exporting countries are bound to pile up. As we have mentioned so often, statistics and data from Australia are almost impossible to get, but apparently one item slipped through the censorship, which we quote as follows: "Of the 195 million bu harvested in 1939-40, all but 40 million bu had been sold by November 19th, but of the surplus sold some 70 million bu had not been shipped." This disclosure throws some light on a subject which otherwise had been greatly beclouded. The Australian crop a year ago was estimated at 210 million bu; therefore, the reference to 195 million bu probably refers to the wheat actually delivered to the Wheat Board. The other 15 million bu was undoubtedly retained on farms for seed, feed, etc.; figuring mill requirements at 40 million bu, the season's surplus amounted to about 155 million bu. Indicated actual shipments were about 45 million bu, which means that there was about 110 million bu either sold but not shipped, or still remaining to be sold, and this is considerably more than most statisticians had figured. However, with a smaller crop the next year, the Australian government is not particularly worried, but yet, would experience great difficulty if it tried to sell its surplus under existing conditions.

World shipments this week were considerably smaller at 5,641,000 bu compared with 8,792,000 bu last year, but all the grain came from North America and the Argentine. Last year at this time Black sea and sundry countries were clearing about one million bu.

Recent figures on wheat redemptions under federal loans showed smaller amounts coming out. Apparently the bulk of the re-payments to date have been in the Pacific Northwest and the inter-mountain states; also, rather sizable amounts in eastern soft wheat states.

In any case, May wheat at times was weaker in comparison with the new crop futures, but interest in the market lagged, although prices were somewhat higher, despite fine moisture in the Texas Panhandle, and the prospect for rather general precipitation in the Southwest.

Primary receipts were fairly large at 749,000 bu vs. 654,000 bu last week, and 1,028,000 bu last year. The visible supply decreased over 2 million bu. Total stocks in all positions are 125 million bu, or about 28 3/4 million bu more than was on hand in 1940. In Chicago, there was a shrinkage locally of 135,000 bu.

With general firmness in Commodities, and Bankhead claiming that his parity bill might be reported favorably out of committee tomorrow, our market was somewhat higher, May wheat closing 5/8¢ a bu up, with the July delivery advancing 3/4¢.

Corn was strong. The government advanced its premium basis 1/2¢ a bu. The visible supply decreased 243,000 bu; the situation remains highly artificial.

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CHICAGO March 25, 1941.

European war news centered mostly upon developments in the Balkans. Jugo-Slavia signed an agreement with the Axis powers, but as an offset Russia's declaration of understanding and neutrality with Turkey created the belief that Germany would not have a clear field in an effort to seize the Dardanelles which is vital to Russia as well as to Turkey.

When our market opened, there was very little change from the previous session. Immediate incentives are lacking, and without some promise of reward for taking risks, with the various uncertainties created by the government, we are afraid that trade will remain extremely light. It reminds us of a situation which has long existed in Hungary. When a person buys property in that country, he only owns the surface of the land and can only develop the top soil for agriculture or for other purposes. In other words, if oil or mineral deposits are found, these revert to the State, and the result has been that the country was never fully developed nor exploited, and to our knowledge about the only few oil wells that were ever dug were handled by the government, because there was no incentive to discover something which could not be kept.

Traders had felt for some time that a higher loan was possible, and with the Senate Committee today approving the Bankhead Bill, one must be prepared for at least some increase in loans, as compared to those which were in effect last year. There may be considerable agitation against too large an increase among the more conservative element, which probably has in mind that if the price in this country advances sharply, we would be threatened with imports from Canada. Also, the higher the loan, the greater the chance of accumulations piling up, with less needed for domestic consumption, and probably a smaller quantity that might be exported. Nevertheless, secondary factors are often overlooked when governments adopt an artificial stimulus.

While the Senate Agricultural Committee was unanimous in approving the Bankhead Bill, it remains to be seen whether it will finally be enacted into law. Even if it should be, it is our assumption that the Department of Agriculture does not necessarily have to increase wheat loans up to 100% of parity, and for that reason the loan for the next crop might not be much higher than the present one. This is purely our own conception. We note, for instance, that the Department of Agriculture will use its full powers under the Sugar Act to halt the sharp rise in prices. If shipping shortages finally curtail imports, it is the desire to keep an adequate supply on hand for domestic consumption. With so many price controls in the offing, it is aturally difficult to make forward commitments, and yesterday, for instance, the trade in the wheat pit was less than 10 million bu, with only about 45 million bu of all contracts open. It seems that with such great hazards also for those who ordinarily put away a stock of wheat, more and more of the elevator concerns are simply taking storage whenever they can get it from the government. Thus, the trade has undergone tremendous changes from normal times.

Primary receipts today were 457,000 bu vs 405,000 bu last week, and 976,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 75,000 bu.

The wheat market ranged within narrow limits, but finally firmed, with May wheat showing an advance of 1 1/8¢ per bu, while the July future was up 5/8¢. There are probably fewer hedges in the market for this time of the year, considering the large supplies on hand, than ever before, and with no balance wheel, immediate forecasts are mpossible to foretell.

Weather remains favorable; the Texas Panhandle received fine moisture, and there were also light rains in the western parts of Kansas and Nebraska. We still feel that prospects for the winter wheat crop remain exceptionally good.

Corn was strong, with the September delivery making a new high on the crop. Trade was not particularly active; artificial influences ominate.

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CHICAGO

March 26, 1941.

The carryover feeling in grains was rather bullish. While nobody can be certain of any new legislation in Washington that will give additional help to the farmer, the fact that the Bankhead Bill was unanimously approved in Committee yesterday lent the belief that Congress might do something further in trying to secure higher loans for producers. With the rather bullish sentiment, it took but little buying this morning to carry all wheat futures into new high ground for the season. Very little attention was paid to normal market factors, and despite fine snows in the Southwest with a prospect of more to come, weather was ignored, and with virtually no pressure, the line of least resistance seemed to be on the bull side of the market.

Owing to the war, it is not easy to get much crop news from Europe. However, it is generally assumed that Germany is eating into the large grain reserve she held at the outbreak of the war. Her own people are being given a high bread ration, which at least, partially compensates for the scarcity of fruits, meats, and fats. England seems determined to let as few ships through to the occupied areas as is commensurate with requests from this country -- not that she lacks sympathy for those suffering, but rather feels that her own victory would be postponed if too much food were to be supplied. The Balkan countries of Europe are already talking of poor prospects for the next harvest, and in most seasons whenever that occurs, it also means a poor harvest in Southern Russia. Rather surprisingly, the Italian press recently admitted that weather during the winter had been unfavorable, and that in several provinces snow, ice, and rain had dampened the outlook. Last year's crop was a poor one, reserves were small, and another unsatisfactory harvest might cause a serious food situation.

All this affords no particular relief to the surplus countries, and it is for this reason that Canada has set a drastic acreage cut for her farmers. Incidentally, she started the first world war with only 10 million acres of wheat under cultivation. This was gradually increased to 17 million by 1918, and it continued to grow, a record being established last year, with about 28 million acres planted. Strangely enough, the present war may reverse the process whereby Canada may end up with much smaller sowings. Unless exports pick up materially, the wheat carryover next August will range somewhere between 560 to 590 million bu.

Even with the sharp advance this morning, redemptions were reported as being light, and possibly it will take another 2 or 3¢ upturn in the market to bring much frozen wheat out, although some low grades were released.

The milling business was fair, and according to the Northwestern Miller, sales during the week were pretty well maintained, bookings amounting to 62% of capacity, compared with 75% the previous week, and 40% last year. In the Southwest, business was 56% this week, versus 50% a week earlier, and 19% in 1940. Apparently buyers were in a better mood than for sometime, and as is usually the case, they are influenced by the same type of news that so often affects speculators.

Primary receipts today were fair at 427,000 bu versus 548,000 bu last week, and 874,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 143,000 bu.

The trade was rather nervous, and it looks to us as though we would have erratic markets for sometime to come; at least, until more is known as to possible farm legislation, and the manner in which the Department will administer the loan. At the last May wheat, having lost some ground on the July, advanced 1¢ per bu; July was up 1 1/4¢, and September lagged.

Corn was very firm, but there was no particular buying, and it seems to be the general belief that artificial influences will continue to dominate the market for sometime to come.

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CHICAGO March 27, 1941.

The rise in commodity prices, which had been expected when war began, seems to be taking place now, and in many instances is justified, due to the scarcity of freights, high insurance rates, and the heavy charges that are being made to secure cargoes. Fully mindful of this, one must also recognize that tremendous wheat surpluses exist in many of the exporting countries, and with their inability to get these to consuming centers, accumulations have taken place, with possibly the peak not yet reached. The politicians, of course, are faced with the problem of satisfying their constituents, and with industry moving ahead at full pace, it would be rather disastrous to see the income of the farmer lowered and his living standards reduced. Therefore, there have been hundreds of suggestions as to the remedies that might be applied. At the moment, the Bankhead Bill, providing for a graduated scale of loan prices, depending upon the size of crops and possible carryovers, is receiving first attention. But we understand that the Certificate Plan has not been completely abandoned, and also, others are fighting to secure higher direct bounties to take up the lag between what the farmer receives from the sale of his produce and parity prices. Consequently, great uncertainties still continue, as markets try to discount not only political possibilities, but also supply and demand situations. The various grain exchanges of the country are endeavoring to outlive this period of experimentation, and while the loans have in a measure worked out successfully, there has not been sufficient time to test the results, but the piling up of surplus supplies may prove an ultimate fallacy of the theory.

At this period of the year, we have generally seen the maximum pressure from Southern Hemisphere, but the clearances this season have been small from both countries, owing to the war, and the Argentine still has available 160 million bu of wheat for export, but how much of this will finally be destined for European markets is a question. The Australian crop was a failure, final yields being in the neighborhood of 83 million bu. However, the carryover on December 1, 1940, was pretty definitely established at 110 million bu; so ample supplies exist in that country, and it is now likely that a smaller acreage for next season will be sought. Soil conditions are reported as generally favorable. The Australian government's stabilization plan is based on a total marketed crop of not more than 140 million bu, on which they guarantee a basic price. Thus, practically all of the surplus nations have undertaken an artificial method to overcome their problems.

According to the United States Department of Agriculture, prospects for winter grains in Europe are mostly below normal. Growers were unable to prepare soil for spring planting, and plans for increased seeding were threatened. Moisture seems to be plentiful, and warm weather may promote rapid growth, according to this authority. Increased cereal acreage is indicated in German occupied countries.

Our market paid very little attention to weather or domestic news. The Robinson Report from Kansas City spoke of excellent prospects for Kansas. Anticipating normal conditions from now until harvest time, they estimate probable production for that State of 160 million bu.

Primaries were slightly better at 619,000 bu versus 536,000 bu last week, and 936,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 188,000 bu.

Markets were somewhat inactive compared with yesterday; May wheat at times was subjected to pressure from hedges, and in talking to some people operating line houses in the Southwest, they told us that some of their stations had bought as much as 4,000 to 5,000 bu overnight. This was undoubtedly farm-loan wheat being redeemed.

The earlier advance in wheat encountered some resistance, and at the close May wheat was 1¢ per bu lower, while the July was 5/8¢ off.

No particular news in corn; all shipments from the country seem to be well taken. An early advance in soybeans led to some profit taking, resulting in lower quotations. Higher prices for cottonseed oil and competing oils have been a sustaining factor.

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CHICAGO March 28, 1941.

The most important European news continues to come from the Balkans, with the Turkish and Jugo-Slav governments proposing a mutual assistance pact, and the coup d' etat by the Serbs has increased the possibility of forcing the Italians into a separate peace. Therefore, Berlin has suffered a great diplomatic disaster. Meanwhile, Belgrade reports mobilizing 1,200,000 fighting men and rushing them to battle stations. Assurances that they have received from our government and from England have encouraged more militant action.

War news, however, had very little effect here when our market opened this morning, and the chief factor to influence prices was a dispatch from Washington, indicating that the House Agricultural Committee was tentatively figuring on increasing the wheat loan this coming year from 56% to 75% of parity under the existing law. Even Representative Fulmer, who had strongly favored the Certificate Plan, was said to have recognized that it was too late for new legislation to be passed in time to affect this year's wheat crop, and that he might, therefore, be satisfied by having the maximum loan under the present law , adopted for the coming year in order to help producers. This created a rather bullish sentiment in our market, and on the assumption that a 75% loan would be acceptable to the Department of Agriculture, it would make wheat on the farms about 85¢, or slightly over $1.00 in Chicago. Naturally, there was a fair amount of buying on the theory that artificial influences would not only be continued, but might be increased, with very large amounts of next year's crop impounded. Should new crop futures approach the dollar-mark, one must also assume that a good portion of the frozen supplies from last season would be redeemed, and temporarily, of course, this would afford some resistance, as pressure which hitherto has not existed would become a factor if the frozen supplies were returned to normal channels. May wheat lost some ground on the new-crop futures, and it is altogether likely that finally the premium of May might disappear entirely, if the events cited above would eventually find fulfillment.

There will be great uncertainties politically for sometime to come, and therefore, markets are bound to be nervous, as they will not only be influenced by political developments, but also by supply and demand factors. The latter are bearish at the moment, with general progress of the crop highly satisfactory, and with moisture conditions over large areas probably better than normal. As the session progressed, all wheat futures moved up to new highs for the crop, and sellers, who have been timid for sometime, were apparently willing to stand on the sidelines.

The domestic wheat supply shows very little change, and according to the Bureau of Agricultural Economics, we may have a larger carryover on July 1, 1942, than ever before. They base their calculations on a winter wheat crop this coming season of about 633 million bu, and a spring wheat crop, including durum, at tentatively 180 million bu. Thus, they say that next July, we shall start the new season with total supplies of nearly 1,200 million bu, including the carryover. Apparently they count on only nominal exports, although allowing somewhat larger than the 30 to 35 million bu indicated for the current year.

Primary receipts were fair at 460,000 bu vs. 574,000 bu last week, and 1,077,000 bu last year. Kansas City, Duluth and Minneapolis stocks so far this week show a net decrease of 134,000 bu. We expect a fair shrinkage in the visible supply on Monday, which will compare with a decrease last year of 577,000 bu.

The trade ignored routine matters. The Modern Miller in its weekly resume claimed highly beneficial rains and snows in the Southwest this past week, with conditions regarded as favorable. However, uncertainty over the farm program created firmness throughout the market, although best prices of the day were not maintained. May wheat finally showed an advance of 1 1/4¢ per bu, while the July future was up 1 1/2¢.

Corn, as well as other cereals, sympathised with wheat; undoubtedly artificial stimuli might temporarily be more important than economic forces.

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CHICAGO March 31, 1941.

For some little time, grain news has been more or less
gnored, and despite fine prospects for winter wheat, more attention
as directed to possible developments at Washington, with all signs
ndicating higher loans and heavier parity payments. As we understand
t, House hearings will start today, and there may be a good deal of
rangling before final legislation is adopted, but yet, both House and
enate Committees seem to feel that the farmer is entitled to greater
rotection, since the producer will not feel the stimulating effects
f the defense program. As we have mentioned before in our letters,
5% of wheat parity would make the price on the farms about 84 3/4¢.
his suggests that the loan in Chicago might finally be set at $1.02,
r roughly, 21¢ higher than last year's price. Assuming that all this
appens, then the question also arises what the farmers will do who are
ot entitled to government benefits, and certainly a portion of free
heat will be marketed as it was last year. Therefore, at the begin-
ing of the season at least, futures prices might be somewhat lower
han loan values, particularly if the frozen supplies from this season's
rop are ultimately redeemed. Up to the present time, farmers have
ot repossessed any large portion of these impounded supplies, although
oday, there were reports that in Texas, Kansas, and Oklahoma re-
emptions were on a heavier scale. As of March 25th, re-payments of
heat loans to the CCC were on a total of 9,377,000 bu, of which
lightly over 2 million bu was from farm storage.

The statistical picture remains bearish in our opinion,
anada has only shipped 100 million bu of wheat and flour since August
st, and there is still 625 million bu remaining for export and next
arryover, or 247 million bu more than was on hand a year ago. In
hirty-eight weeks, the United States has cleared 20,500,000 bu, leav-
ng 395 million bu available for export or carryover. Therefore, the
overnment's estimate for a reserve stock of 380 million bu next July
s probably correct.

In our country, the acreage seeded to wheat for harvest in
941 is close to 63 million acres, or about one million acres more
han in 1940. The total acreage indicated for harvest is 4 million
cres less than the twenty-year average. Should we have total supplies
ext July of 1,200 million bu, including crop and carryover, there
ould be about 100 million bu more on hand than in 1940, with little
hance of exporting heavier than in the preceding year.

Prospects at the present time are for a world wheat crop in
941 not greatly different from that of 1940. The 1940 world crop was
laced at 4,066 million bu, which is about equal to the disappearance.
herefore, world's carryover next summer will be about the same as
n July 1940, when an all-time record was reached, with total supplies
mounting to 1,416 million. In trying to make forecasts of this kind,
ne must recognize, however, that further developments may change these
alculations. In Canada, for instance, a new government program calls
or a large reduction in acreage, but on the other hand, some increase
s expected in Europe and Australia over last year's small outturn. As
ar as the United States is concerned, the Department of Agriculture
entatively figures on a total winter and spring wheat crop of 810
illion bu, compared with 817 million bu the year before.

Primary receipts today were 711,000 bu compared with 749,000
u last week, and 1,318,000 bu last year. The visible supply decreased
,175,000 bu; total stocks in all positions are 122,782,000 bu, which
s 27 million bu more than for the same date previous season. Chicago
tocks are slightly under 10 million bu, There was a decrease last
eek of 128,000 bu.

The market fluctuated nervously, which is only natural after
n advance of about 18¢ per bu. There may have been 150,000 bu of
oan wheat redeemed here at Chicago, and at times May wheat was under
reater pressure than the deferred months, closing 5/8¢ per bu lower,
hile the July delivery declined the same.

Corn was under pressure right from the start. The CCC re-
uced premiums on their offerings by 1¢ per bu, and this was the reason
or considerable liquidation, fear existing that impounded supplies
ay come out on a heavier scale. The visible increased 800,000 bu, and
here is practically 25 million bu more corn in all positions than in
940.

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CHICAGO April 1, 1941.

The world wheat situation is so different from the one which existed during the first World War that some attention should be focused upon the world's carryover, which, prior to 1928, had never really been a serious problem. From 1914-18, prices in this country were mostly on the upgrade, and the United States made a strenuous appeal to her farmers to increase their production, finally guaranteeing the price at about $2.26 in an effort to raise enough food for the allies. It was possibly these high prices that in large part were responsible for the opening of many lands in exporting countries, primarily Canada, Argentina, and Australia, which has since caused over-production, at least for those surplus countries. Ordinarily, in war-time food is almost as important as arms or munitions, and probably one of the leading reasons for the inefficiency of the Italian army is that it is no doubt underfed. Nevertheless, the carryover on July 1, 1940, amounted to 1,416 million bu, which is probably one billion bushels more than the reserve stock in the world in 1914, when no accurate figures on this subject were kept. At present, instead of expanding acreages in the United States, Canada, Argentina, and Australia, just the reverse process seems to be taking place, and, of course it is more difficult always to reduce than to increase; therefore, bounties have to be given to the farmers to accomplish this great task. As Sanford Evans points out, while crops have always varied in size from year to year, and so have carryovers, rarely had there been successive increases in the world's accumulations on the scale of those between 1928 and 1934, and again from 1938 to 1940; the problem is one of international importance, and it will be very interesting to see how it is finally solved. At least, while war continues and foreign demand remains so slow, the question of surpluses is not an easy one to answer.

British interests were again heavy buyers of Canadian cash wheat overnight, and some of this wheat is being cleared from American ports, but unfortunately, we are not participating in much of this business.

The Canadian visible supply is still very large, at 483 million bu. This is more than is generally raised inthat country during any one crop season, and of necessity, with most storage space filled to capacity, a fairly large percentage of wheat is being held back on farms.

In our own country, weather seems to be highly satisfactory. There was moisture again over the Central States, and the map suggests that rains will occur in the Southwest.

The first crop reporter made an April estimate on winter wheat of nearly 620 million bu, and this seems to be about in line with previous expectations.

There is nothing new from Washington on farm legislation, and with our market somewhat lower, less was heard about redemptions, although some are taking place everyday on a small scale. In any event, we hardly expect that, unless speculation increases on a fair scale, prices will advance sufficiently high to get all of the frozen supplies back into regular trade channels. Thus, the government is finding out that the farmer actually suffers when trading opportunities are curtailed.

Primary receipts were 568,000 bu versus 457,000 bu last week, and 1,007,000 bu same period last year. So far this week Kansas City and Minneapolis stocks show a combined increase of 24,000 bu.

With lack of further loan news from Washington and a report from that source stating that speculators had probably over-estimated the amount of food requirements under the Lend-Lease Bill, bullish enthusiasm was dampened. Grains were under liquidation throughout the entire session, and near the close stop-loss orders were uncovered, which hastened the decline. At the close May wheat was 1 5/8¢ per bu lower, while the July was off 1 1/4¢.

Corn and soybeans also displayed weakness, and markets appear to be a little more two-sided for the time being.

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CHICAGO April 2, 1941.

It is quite axiomatic that the future can best be judged from ast experience, and on this assumption, we are trying to figure out hat the final winter wheat yield is apt to be, based on the April ondition. The crop experts gave their views today, and on an average, ndicated a crop of 616 million bu. This is somewhat lower than the overnment figure last December, when conditions were extremely good, ut, nevertheless, it shows that the probable abandonment has not been oo severe; also, that the plant has come through the winter in fair-y good shape. In studying conditions as they appeared in April with inal results over a period of ten years, we found that eight years ut of ten final crops turned out larger than the April and May stimate, and in some cases the excess was quite considerable. Moisure has a great deal to do with the plant development, and inasmuch s conditions were largely satisfactory up to this time, and with furthr good rains reported over southwestern districts, considerable ptimism is being expressed at this time. The map suggests also that ather general rains will occur tonight and tomorrow, and coming at his time of year, these are extremely beneficial.

Our market opened very little changed from the previous ession. It seems difficult for anyone to make new commitments at this evel, or to have very strong convictions because of the political unertainties. Some believe that the new loan price may soon be anounced, but in the meantime, one must figure that there is a chance hat loans may be increased about 20¢ a bu over those of last year. his, in our opinion, will mean more socialized farming, with more and ore wheat passing through the hands of the government than ever before. f conditions were such to warrant considerably higher prices, then he loan would not affect us, except that at times it might act as a loor beneath the market. However, with prices held artificially high, here is the possibility that trade after a time will again stagnate, lthough there will, of course, be periods of activity as traders nticipate the size of the crop, and later on, when the movement is ctually at hand.

Foreign developments have had very little influence during ecent sessions. Jugo-Slavia is apparently not in a mood to come to erms with Germany, despite intervention on part of Italy, and condiions remain very tense. If anything, the relations between the two ountries have grown somewhat worse. Meanwhile, Britain is having coninued successes in Africa, and hopes soon to capture the entire talian East African Empire before the big rains start in June.

Since the middle of March, the government has purchased aproximately $10 million worth of surplus food commodities, and some of hese supplies will undoubtedly be used for direct distribution through tate Welfare Departments; and in fact, some shipments for refugee reas will also take place through the Red Cross. However, the amount f flour was almost negligible, and there seems little likelihood of aving an increased demand through this source. Even British purchases f our surplus goods have probably been overestimated, particularly hose articles with which she is being supplied from her own colonies.

Flour business today was slightly better, with some hedges aken out of the pit, but for the week, buying interest lagged in the outhwest. According to the Northwestern Miller, sales were 39% of apacity, against 56% the previous week, and 14% a year ago. In the pring wheat area, however, buying interest was sustained, and bookings ncreased to 105% of capacity from 62% last week, and 50% in 1940. Unoubtedly, due to uncertainty, very little flour is being worked for ore than sixty days ahead.

Primary receipts today were 468,000 bu vs. 477,000 bu last week nd 852,000 bu last year. Kansas City and Minneapolis stocks so far his week show a total decrease of 186,000 bu.

In the last hour wheat prices turned very strong, and sharp allies occurred, May wheat closing 2 1/2¢ per bu higher, with the uly delivery up 2 3/4¢ to a new season's high. There was a rumor that n case of defaults, the wheat might remain impounded for the duration f the war, but there was no official confirmation of this.

Corn and all other cereals were up in sympathy with the leading rain. The trade feels that artificial influences are paramount for he time being.

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CHICAGO April 3, 1941.

According to the Agricultural Adjustment Act, the government is not permitted to operate in futures, but in spite of this obstacle, they have become the biggest speculators that the world has ever known. There is little wonder, therefore, that the ordinary trader who tries to figure out situations from day to day is confused, as there are so many changes taking place daily at Washington. The government in offering a high loan price to farmers on various commodities stands ready to take delivery of these articles as defaults are made, and thus is operating more or less on the bull side of the market through the handling of cash grain. When in their opinion prices are high enough, they figure they have the power to prevent extreme rises. After a conference yesterday at the White House, attended by Secretary Wickard, and Leon Henderson of the Defense Commission, it is understood that under their program, the Department would assure producers that the price of corn would not advance beyond current levels. The Department would also take steps to make government-owned corn available to producers at about current market prices. This was taken as a cue by speculators, that caution must be exercised on the constructive side of the market; and in the early dealings, the yellow cereal was under liquidating pressure.

Under the managed economy which we are experiencing, it is also considered desirable to boost hog prices somewhat above present levels. We can remember not so very many years ago when thousands of small pigs were slaughtered because there was a surplus of them, but in the meantime production of hogs has declined, and this occurred to quite an extent during the last year because of the unfavorable relation of corn prices to hog prices. Thus, we see more and more artificial remedies being adopted, and future events are obscured because of these stimuli.

Other agricultural nations are having their troubles also, and in Australia plans are being considered for stabilizing the industry and assisting farmers, whose operations last year resulted in losses. The intention is to limit production to a marketable harvest of 140 million bu, which is about equal the average of the last six years, and to pay a stabilized price on that quantity of wheat. Another plan is for the grant of advances for cropping and sustenance, interest free for one year, and bearing 1 3/4% after that time. In Canada, the Wheat Board has increased the marketing quotas this past week, and has announced that the government would accept delivery of all the marketable surplus of the 1940 crop by July 1941. At the present time, there is approximately 142 million bu on farms, but of this quantity 57 million bu will no doubt be held back for feed, seed, and farm use.

Primary receipts were 558,000 bu compared with 619,000 bu last week, and 747,000 bu last year. Stocks at Kansas City and Minneapolis show a total decrease of 109,000 bu so far this week.

With all the uncertainties immediate forecasts are extremely difficult. There apparently was some realizing by longs, but this was not until after new highs on the crop had been established. At the last, May wheat showed a decline of 1/2¢ per bu from the previous session; the July delivery was off 7/8¢.

The air was thick with rumors, and after mid-session it was claimed that in order to speed pork to Britain, it was likely that our government would not ask for corn quotas this year; and they also stated that possibly there would be a $9.00 parity peg placed on the price of hogs. There were no official steps in this direction, but indications are that such a plan might follow.

Corn was slightly lower because of the government's disclosure that their stocks might be released at present levels. Not much attention is being paid to the very bearish situation in the Argentine, where there is a tremendous carryover, with the new crop soon to be harvested. Export shipments this week are negligible, and there is no hope that the government will give producers more than harvesting expenses if the corn is kept on farms.

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CHICAGO April 4, 1941

Broad advances in most commodities and better prices in the stock market have somewhat revived inflationary talk. Under former conditions, the continued tremendous deficit spending by this country would undoubtedly lend greater fears of inflation, but the realization that taxes will take a big toll from profits acts somewhat as an offset. However, as rich as this country is, the continuation of spending on the scale taking place now is bound at some later date to have its effect.

Yesterday, the Senate passed the Agricultural Bill, calling for expenditures of over $1,300 million. The Department of Agriculture announced yesterday a desire to assure ample supplies of pork, dairy and poultry products for the United States and those countries now engaged in war against the Axis Powers, and in connection with same, they are prepared to carry out a program of price-pegging in such products. Their objective is to keep wholesale prices up to the following levels: hogs, $9 a hundred pounds; butter, 31¢ a pound; chickens, 15¢ a pound; and eggs, 22¢ a dozen, and to carry out this program, they would buy sufficient amounts to maintain these levels. In this way reserve supplies of food will be accumulated, which they hope later to transfer to Britain and other countries under the Lend-Lease Act. Thus, we have changed from an economy of scarcity of farm products to one of more abundant supplies.

What the secondary consequences will be, one cannot predict, but generally speaking, there are usually aftermaths. In the last few years the corn loan program changed that cereal from a feeder crop to a cash crop. The relatively high price of corn made hog feeding unprofitable, with the consequence that light-weight hogs were shipped to market and the production curtailed. It now seems to be the desire to raise the price of hogs and make corn available to producers at around the loan rate plus accrued charges. Furthermore, it is indicated that in the commercial corn producing areas, the Department will permit the 1941 corn acreage to increase up to the "usual" acreage without penalizing the farmer. In this way, they will endeavor to reverse the trend and again put corn back as a feeder crop. It is reasonable to assume that if hog prices are brought up to the $9 per hundred pounds rate, hog products would also advance. Roughly speaking, $9 for hogs would be equivalent to approximately 9 1/2¢ for lard, basis the Chicago price. At present, lard stocks are quite heavy, but finally the price will be determined by the actual consumption and export. Advances in lard should have a beneficial effect on soybean oil, and consequently, on the price of soybeans. It is estimated that a 1¢ advance in the oil, according to the amount produced per bushel, would be equivalent to about 8¢ a bu on the beans themselves.

It was reported overnight that approximately 250,000 bu of Manitobas were worked to the United Kingdom from Canada for April clearance. However, this in no way relieves the situation in that country. The Canadian clearances for the week ending March 31st were 4,626,000 bu, making a total so far this season of 104,328,000 bu vs. 127,531,000 bu last year. This leaves a balance for export and next carryover of 621 million bu vs. 374 million the same period last year, or an increase in supplies of 247 million bu. We have called attention in quite a few of our letters to the lack of export trade, and according to Sanford Evans, Europe has taken 111 million bu less than last year, excluding Australia, while ex-Europe has imported to-date 9 million bu less than last year. In the meantime, moisture conditions in the Canadian provinces remain quite favorable. For March, rainfall was .67 inch against the normal of .70 inch, and for the period from September 1st to March 31st, they enjoyed above normal rainfall: namely, 6.82 inches vs. the normal of 5.62 inches.

Primary receipts were 725,000 bu vs. 460,000 bu last week, and 920,000 bu last year. Stocks so far this week at Kansas City, Duluth, and Minneapolis show a decrease of 232,000 bu.

The wheat market acted nervous throughout most of the session. With Congress in recess over the Easter holidays, there cannot be final legislation affecting the loan price on wheat, and until more definite information is obtainable, it makes it difficult to size up the situation. At the close, May wheat was 3/4¢ a bu higher, and the July 1/2¢.

Over 250,000 bu of corn was sold to go out of Chicago, while bookings were rather light.

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CHICAGO April 7, 1941.

Over the week-end, the seat of the theatre of war moved into the Balkans, emerging from the winter diplomatic battle to actual warfare. Naturally, it is too early to come to any conclusions, but it should not be overlooked that Jugo- Slavia's main defense probably will not be in the Northeast Plains, but rather as the battle moves Southward, toward the mountainous sections, where conditions favor the defenders. The resumption of hostilities furnished no great surprises, and so far, caused no broad action marketwise.

The new policy announced last week by the Agricultural Department regarding hogs and dairy products travels quite a way along the road of actual price-fixing. The Department will no doubt find themselves, through open market operations, in possession of enormous reserves, and to a great extent they will be able to dominate market prices either by adding to these reserves, or by offering them for sale. They possibly will now use the device employed by the Federal Reserve Bank for many years to control the government securities market. This latter body, although lending great support at times by their purchases, have not been able to liquidate their open market holdings. High loans and high parity payments make large demands upon the Treasury of the United States, at a time when the defense program is calling for sizable expenditures. Great dexterity will be necessary in the carrying out of the program, and in the effect that these operations will have on the general price relationship. Naturally, advances in farm products raise the cost of living, as well as the general price level, and might be a contributing factor toward an inflationary spiral.

Some expression has arisen in certain farm quarters against the announced policy of the Agricultural Department on the basis expressed by one party, "The new policy undoubtedly would have the result of putting a definite lid at 65¢ a bu on corn prices, at least for the next year, with the possibility of much lower prices for many producers.' However, an advance in the corn loan rates would disturb the program of encouraging hog feeding. As we have seen in the past several years, unless there is an attractive ratio between corn and hogs, many corn raisers find it more profitable to accept the loan price and store their corn rather than to engage in feeding and breeding hogs. Therefore, in attempting to more or less regulate prices, it is very difficult to satisfy all elements.

With artificial stimulants and political developments occupying the center of the stage, very little attention is being paid to fundamentals and to conditions surrounding the new wheat crops. This is usually the season of year, as the plant emerges from dormancy to active growing, that all eyes are focused on possible yield and production. With the exception of a few spots in the Southwest, the condition is being fully maintained, with ample moisture. In the Central States, where more of a drought condition has existed, relief was obtained last week, and prospects are for additional moisture within the next few days. The Northwestern States received rain over the weekend, which will be very beneficial for spring seeding. The President of the Oklahoma State Board of Agriculture estimates a bumper wheat crop for that State of 66 million bu. However, these factors do not have the usual effect, and in spite of the large wheat carry-over in this country, supplies are being kept out of the usual trade channels. In the Southwest, there does not seem tobe any evidence of large redemptions of wheat, but as the price in many parts is not as advantageous as the price in the Chicago areas, there may be a considerable amount of wheat on which defaults have already taken place. But it is difficult to check when the wheat has passed from the possession of the farmer to the loan agencies until actual figures have been released.

The visible supply decreased 1,342,000 bu vs an increase last year of 382,000 bu, and now stands at 121,440,000 bu, or 25 1/2 million bu larger than a year ago. Primary receipts today totaled 989,000 bu, compared with 711,000 bu last week, and 1,096,000 bu in 1940.

There seemed to be a little more evidence of profit-taking in lard and soybeans, which had a sentimental effect on wheat. With lack of constructive news during the session, May wheat closed 5/8¢ per bu lower; July was 1¢ per bu off.

There was evidence of hedging sales in the corn pit, probably signifying sales on part of government agencies.

Rye has been attracting more attention the past few days. The new rye contract, plus the fact that it is the cheapest cereal on the board, pound for pound, has caused a more friendly feeling.

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CHICAGO April 8, 1941.

The war news overnight was construed as unfavorable, and as a consequence, the stock market registered lower prices; later this was reflected in the grain markets. Naturally, it is too early to learn much about British strategy, which has undoubtedly been worked out beforehand. At the moment, the imminent danger seems to be in the retreat of part of the Jugo-Slav army, which would expose the flank of the Greek army and endanger Salonika. Great Britain has no doubt weakened her defense of Libya by withdrawing men and supplies to be transferred to Greece, and reinforcements are being rushed to the Greek fronts.

The grain trade is marking time until Congress reconvenes after the Easter holiday. Naturally, the item of paramount importance at the moment is the final loan value set for the 1941 crop. The Senate recently passed an Agricultural Bill calling for an expenditure of $1,340 million, making a very substantial increase in the House Bill, and $450 million higher than the President's budget recommendations. If finally passed, it is a tremendous amount of money to be expended, and particularly so, when one considers the large necessary defense program. In view of the fact that the proposed legislation calls for large parity payments, there are some quarters which believe the administration is not in favor of the combination of the increased parity payments and too high a loan rate. However, no public expression has been given, and it, therefore, leaves great uncertainties in the situation.

Broomhall comments this morning that with the spread of the war into the Danube Valley, with Hungary and Bulgaria being bombed, and with Jugo-Slavia being invaded, spring seeding will be severely hampered, and the food situation in Central Europe this summer and fall accordingly further aggravated. This had no immediate effect marketwise, due to the existing blockade against Germany; but in the case of cessation of fighting, it would mean larger demands on the exporting countries.

Overseas shipments of Canadian wheat, excluding flour, for the week ending April 3rd, amounted to approximately 5,900,000 bu, an increase over the previous week when shipments totaled about 3 1/2 million bu. The aggregate shipments of wheat and flour since August 1, 1940 are approximately 110,000,000 bu. These sales are making very little inroad on Canada's huge supply, where the visible stands at 479,386,000 bu. Undoubtedly, the Canadian government's policy of limiting marketings for this year will have the effect of further diversifying the production of the Prairie Provinces, and important changes may take place in the economy of their West. That section has depended for the past number of years for its livelihood largely on wheat, and the acreage was gradually increased until it reached its high last year of 27,750,000 acres. Possibly in the coming season, part of the wheat acreage will be replaced by larger barley and flax seedings, also corn, and undoubtedly, attempts will be made for that section to become a greater factor in livestock.

The monthly summary of the Kansas State Weather Bureau comments that abnormally cold weather, heavy snows, and excessive cloudiness made March a backward month for crops and farm work in that State, and that moisture for the month was below normal. However, they further comment that soil moisture had accumulated during the previous winter months and that precipitation was abundant for all needs. There was further moisture overnight in parts of the State.

Primary receipts of wheat today were 765,000 bu versus 568,000 bu last week, and 961,000 bushels similar period of last year. So far this week stocks at Kansas City and Minneapolis shows a decrease of 59,000 bu.

While the wheat market opened lower, later in the session when stocks had another sinking spell, further declines were registered in all commodities. However, wheat recovered from the lows of the day, and at the close May was 1 1/2¢ per bu lower, and the July 1 5/8¢ per bu. At times the May future received support from sources which would indicate some flour business. On declines offerings of loan wheat dry up.

All other cereals were adversely affected, although corn showed independent strength, and declines were of much smaller proportions.

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CHICAGO April 9, 1941.

The rapidity of the German advance in the Balkans has rather surprised many observers. Prime Minister Churchill announced to Britain today that Nazi troops had entered Salonika, and informed the country of the grave extent of Germany's smashing advance. But at the present time, the British troops have not been engaged in Greece, although they are supposed to have taken a position West of Salonika. While very little has been heard from Russian sources, the present situation in the Balkans cannot help being of considerable concern to Moscow, and may finally force some definite steps from that source.

In attempting to study the wheat problem of the world, one is prone to put too much stress on events in Europe the past two years, and the closing of so many outlets to the exporting countries, There can be no doubt that this has aggravated the situation, but one should revert to the story of wheat raising during the past twenty years to understand the fundamental difficulties which have now culminated in excessive carryovers in the Western Hemisphere. In 1923, the estimated world acreage planted to wheat, exclusive of Soviet Russia and China, was 236 million acres. This steadily rose with hardly an interruption until 1938, when the amount stood at 292 million acres. While there has been some decline during the past few years, in 1940 the wheat acreage still reached the figure of 270 million acres. During that period, world production rose from 3,535 million bu to a peak in 1938 of 4,626 million bu.

Canada, probably more than any other country, has been one of the biggest contributing factors to the present situation. One authority points out that the world gets what it wants of wheat from an average of 17 out of every 100 acres of land under cultivation, but Western Canada has been planting 60 acres to wheat out of every 100 acres. Going back as far as 1890, Canada only produced 42 million bu, This stayed rather static for a number of years, but finally rose to slightly over 200 million bu, at the outbreak of the first World War. Since that time, acreages were further increased, with some very large yields, until finally in 1940 they reached the figure of approximately 551 million bu. Ever since 1928, the world carryover of wheat has been more or less on the increase, with the exception of the few drought years between 1936-38. Prior to that period, the excess over the normal carryover was never in any way cumbersome, and it is only since then that the world has become conscious of the carryover problem.

There was more moisture in our northwestern states overnight, which was very welcome, although possibly for the moment it may be delaying spring work. However, we note from reports of both the Russell Milling Co., and the St. Anthony and Dakota Milling Co. that very good progress has already been made in quite a number of sections. The Weekly Government Weather and Crop Report states that the growth of winter wheat is developing rapidly, especially in the central and southern portions of the belt, and that substantial rainfall in the eastern belt has been outstandingly favorable. They report some winter killing in sections, but as a whole crop prospects are very good.

Commodity markets generally have been under liquidation, and on the down-grade the last few days in response to the disquieting news from the war front, and grains have been no exception. On declines this morning, there was more support from sources with milling connections. Flour sales have been actively maintained by both northwest and southwest mills, according to the Northwestern Miller. It is estimated that in the Northwest 75% of capacity was sold during the past week, compared with 105% the previous week, but only 66% corresponding week of 1940, while in the Southwestern sections, bookings showed an increase, and stood at 44% of capacity versus 39% the week earlier, and 25% the previous year same week.

Primary receipts were 517,000 bu against 468,000 bu last week, and 706,000 last year. So far this week, stocks at Kansas City and Minneapolis show a total decrease of 87,000 bu.

Weakness was expressed during the early part of the session, but unless the Balkan news deteriorates, for the time being liquidation seems to have run its course. The wheat market met good support, and at the close May wheat was actually 1/8¢ per bu higher, while the July was unchanged.

Bookings of corn were light, and that cereal showed more or less independent strength throughout the session. Rye was neglected and lagged behind the market.

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CHICAGO April 10, 1941.

The overnight news from the Balkans was not as virulent as the previous few days. The world is waiting to see what resistance can be put up by England and her allies against the heavy advances on part of Germany. While in the first onrush, the successes of the Nazis were much greater than had been anticipated, if any formidable opposition is built up, Hitler will face the very grave problem of land transport to supply his troops with fresh war materials. On the other hand, a further great tax is placed upon British shipping capacity, which is already so severely tried, and England no doubt has to divert many ships from carrying needed food and war implements to the Island, in order to further supply material for her Balkan operations.

In the meantime, this country is moving further along the road of controlled economy, and it is reported from Washington that the President will shortly set up new methods for regulating industrial and retail prices. In connection with this control, a meeting took place yesterday afternoon between representatives of the Federal Surplus Commodity Corporation and the Chicago packers, at which conference the government agency emphasized that they would work toward the $9.00 goal for hogs by the purchase of pork products, and in this way support the market for the live animals. This additional information imparted a very strong tone to the lard market. No further details have been forthcoming on the prospective loan price of wheat, and we do not expect any until Congress resumes its tasks again after the Easter holiday. Otherwise, news has been more or less confined to routine matters.

There was additional moisture overnight throughout the Northwest and Central States, and some in eastern parts of Kansas. The indications point to some further moisture in the Central States, followed by clearing weather.

A government report will be issued on winter wheat this afternoon after the close of the market. There are no surprises looked for, and undoubtedly, the report will reflect the promise of large crops for Kansas and Oklahoma. It has been estimated that Kansas will produce somewhere in the neighborhood of 160 million bu, against a ten-year average of approximately 136 million, while a few days ago, the Agricultural Department of the State of Oklahoma estimated a possible crop of 66 million bu for that State, against the ten-year average of about 47 million bu. The Modern Miller issued a statement today that with milder temperatures, the winter wheat crop made good growth this week, and taking the country as a whole, the crop is in fine condition. However, as pointed out several times recently, very little attention is paid to actual statistics.

In the meantime, the open interest in , wheat, despite a better volume during the past week, has declined to 41,695,000 bu, which is an all-time low figure.

The first estimate of the Argentine corn crop confirms earlier indications of a prospective excellent yield. The estimate is for a total of 417,322,000 bu, which while somewhat smaller than the year 1940, is approximately 79 million bu larger than the average production of the past six years. This will add to the troubles of the Southern Hemisphere, in view of the very heavy corn supply already existing and the restricted export markets.

Primary receipts today were 698,000 bu versus 585,000 bu last week, and 896,000 bu last year. So far this week stocks at Kansas City and Minneapolis show a decrease of 14,000 bu.

The market had a more buoyant tone all through the session, and was helped some by the strength in soybeans, the latter more or less holding the center of the stage. With all markets closed tomorrow, there was more caution on part of traders,knowing not what the foreign news would be before resumption of trading on Saturday. There seemed to be no great evidence of mill buying, nor offerings of impounded wheat. At the close May wheat was 1/4¢ per bu higher; the July was up 3/8¢.

Bookings of corn are still small, and local offerings of spot corn are light. Under the circumstances, there is no pressure at the moment in this cereal.

Rye also closed higher on a light volume of trade.

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DAILY MARKET LETTER

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CHICAGO April 14, 1941.

There were no foreign developments over the Easter holiday that had any particular effect on the grain markets. The more stubborn defenses on part of England and her Greek allies are more than offset by the continued successes in Egypt of the German Panzer forces. The rapidity of the German movement through Libya has certainly demonstrated that both the quality and the strategy of the German war machine are still of the highest rank. The drive into Egypt is naturally causing grave concern to the British.

Attention is again being centered in Washington with the reconvening of Congress after its recent Easter holiday, and it is expected that before long more will be known as to what price will be available to producers of wheat on the 1941 loans. Never before in the history of this country have the Agricultural Department and the other governmental agencies been so completely in control of the distribution and price level of farm products. In fact, there is such domination that even the old-time grain man shows very little interest in actual facts and figures. For example, very beneficial rains have been received, and conditions surrounding the growing crop satisfactory, but these items have no effect marketwise.

The most recent estimate of the Department of Agriculture places the carryover at the end of this crop at 381 million bu. They give their ideas as to the distribution of wheat by classes, and in analyzing these figures, it appears that the largest increase will be in spring wheat of 43 million bu, making the total 126 million bu. This compares with a 98 million bu total in 1933, at which time we reached a record carryover of 378 million bu. This large increase in the carryover in spring wheat may in part be attributed to the higher loan value set in that section of the country, as undoubtedly more wheat would have gone into consumption if it had moved in accordance with former free merchandising practices. In the hard wheat section, the carryover is expected to be 173 million bu, as compared with 135 million bu last July. However, this is about 30 million bu short of the peak reached in 1933. Stocks of soft red winter wheat are expected to be 39 million bu, or 14 million more than last year, and this is probably the largest carryover of this variety of wheat. We also would judge that, percentagewise, most of the soft red winter wheat has found its way back into merchandising channels, as the recent price structure has been higher than the loan, and undoubtedly large redemptions in loans are taking place. Even now in many red wheat sections, there is still a good profit for producers after paying all the accumulated charges in connection with the loan. Other varieties, such as durum and white wheat, also showed minor increases. The white wheat, being mostly on the Pacific Coast, has been helped more than any other class by reason of the export subsidy, and the carryover is expected to be only 24 million bu vs 32 million in the previous record year of 1937.

There has been no great change in the European crop picture during the past few weeks, with the exception of the Balkan states, where winter wheat crop prospects are far from promising, and the acreage planted to spring grains is expected to be considerably smaller than indicated earlier in the season. Crops in that section may be further disturbed by war developments.

The picture in the United States and Canada has undergone but little change, and prospects are being fully maintained. For the first 40 weeks of the season, the United States has exported only 21,596,000 bu of wheat and flour, leaving an amount available for export and carryover of 394 million bu. In Canada, the exports of wheat and flour, in bushels, so far, have amounted to 111,829,000 bu versus 132,010,000 bu last year, or a decrease of 21 million bu. The balance for export and carryover stands at approximately 613,302,000 bu.

The visible supply decreased 1,125,000 bu, and now totals 120,315,000 bu versus 96,688,000 bu last year. During the week the Chicago visible decreased 211,000 bu, leaving supplies here amounting to 9,345,000 bu. Primary receipts were 1,020,000 bu compared with 989,000 bu last week, and 1,300,000 bu a year ago.

(O V E R)

Wheat opened with a very firm undertone, and during the early part of the session there seemed to be evidence of hedging sales, probably indicating some redemptions of loan wheat. There was also a little more willingness to take profit in all pits, but later when soybeans became extremely strong, they carried all other cereals with them. At the close May wheat was 7/8¢ per bu higher, while the July was 1 3/8¢ up.

The situation in corn shows very little change, and offerings from the country are well taken.

Conditions in the larger producing rye States are very favorable, but that cereal pound for pound is the cheapest on the board.

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CHICAGO April 15, 1941.

The war situation is a little bit clouded at the moment, and
eems to be surrounded with more propaganda and innuendoes rather than
ctual war news. German sources claim the British are evacuating Greece,
nd that even Greek troops are leaving. This is strenuously denied by
nglish sources. Certain quarters in Berlin further report that the
ugo-Slav government is seeking an armistice, but from the other side
ome denials. Undoubtedly, battlelines in Greece are being tightened,
nd information so far is meager.

With the extension of Mr. Leon Henderson's power over price
ontrols, there are many beginning to wonder whether the price-policing
olicy will work for an indefinite period, or whether we are more rapid-
y approaching the situation pointed out recently by the Federal Re-
erve Board: namely, that there is grave danger of serious price in-
lation late this year, or sometime during 1942. Of course, in trying
o study price levels, one must analyze circumstances surrounding the
ndividual commodity. Agricultural products, such as wheat and corn,
resent a different picture from zinc, copper, rubber, etc. It seems to
e the administration's desire to advance farm prices somewhat above
resent levels. We have great confidence that Secretary Wickard has a
horough understanding of the situation, but he is subject to a great
eal of pressure from political angles.

Up to the present time, the influence of loan prices has been
o set a maximum rather than a minimum price, but whether the new loan
n wheat will establish the minimum will depend on several circumstances;
irst, the amount of wheat which will be redeemed from the 1940 loan,
nd the quantity which will find its way into free trade channels.
hould this quantity be rather small, and large amounts become impound-
d and held off the market, it could cause a rather tight situation,
if farmers again avail themselves of the loan on large quantities in
941. There has been an element in Washington advocating the impound-
ing of the defaulted wheat and the withholding of these supplies from
he market for some period of time. Whether this will become effective
s a law, no one can as yet judge. However, farmers, who did not take
p their loans, may oppose it, as the defaulted wheat is put into a
ool, and if finally sold at a profit, is prorated among original holders
nd the producer may object to waiting a year or more for liquidation.
Government agencies by withholding these supplies could exert a decided
influence on the market, and could temporarily force prices higher, but
if wheat is offered back to the trade at anywhere near the loan price,
lus accrued charges, it would act as a ceiling until such supplies
were disposed of.

The Surplus Marketing Association this morning asked for of-
ferings of 24 different pork items, including lard, and they will un-
doubtedly make purchases from time to time in order to maintain the
$9.00 value for hogs. In connection with lard, the Bureau of Agricul-
tural Economics made the following statement yesterday: "Advances in
lard prices for the coming year may be more pronounced than in the case
of competing products." They base their prediction on the fact that
during the past two years lard prices have been abnormally low in rela-
tion to the price of other fats and oils.

During the past 24 hours heavy rainfall occurred over Oklahoma
and Missouri, while light showers fell over the northwestern States.
Indications point to further moisture for the Southwest, where condi-
tions are very advantageous for development of the wheat plant.

There was evidence here of fair quantities of loan wheat coming
on the market, but we did not hear of much in the Southwest. This is
easily accounted for by the fact that the price of wheat in the soft
winter wheat section has ruled relatively higher than in the hard winter
wheat area compared with the loan price.

Primary receipts were 569,000 bu today, versus 765,000 bu
last week, and 1,118,000 bu a year ago.

The market was very nervous during the entire session, and
with news from abroad interpreted as rather disquieting, May wheat closed
3/4¢ per bu lower, while the July declined 1 1/8¢.

All other cereals also lost their earlier strength. There was
some hedging in corn, undoubtedly indicating purchases from government
agencies.

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CHICAGO April 16, 1941

In Egypt, the British forces are holding their ground, and apparently bringing up strong reinforcements. The allied forces continue to be hardpressed in Greece, which should not furnish any surprises, as it is estimated that Germany has thrown in over a million men on that battlefront. Even if the final outcome should be the complete overrunning of Greece by the Nazi forces, it will have caused Germany great effort and loss of manpower and equipment. Certainly some advantages will have been gained by Britain against a peaceful occupancy of Jugo-Slavia and Greece, such as took place in the other Balkan countries.

We have pointed out many times in the past three weeks that the two dominating influences on the wheat market at present were developments in Europe and prospective loan legislation in Washington. A statement issued by Senator Bankhead yesterday afternoon caused some uneasiness, and a more cautious feeling on part of traders. The Senator announced that for the present he will not press action in the Senate on his 100% parity loan bill, but will await further action on the legislation now before the House. He intimated that if the Lower House enacts a mandatory loan of 75% of parity, he would probably go along. However, the situation is a little beclouded, as the Fulmer Bill also embodies a certificate plan, under which it is possible that the loans would be set lower than anticipated, the farmer receiving his recompense between the price of the wheat and the parity price in the form of certificates. Naturally, until there is more definite information as to the final outcome of the legislation, uncertainties will exist, There can be no doubt that a ceftificate plan without a high loan figure would permit more wheat to flow through ordinary trade channels, and would be more beneficial to the grain trade as a whole; also, at the same time, the farmer would receive his benefits.

According to an Associated Press dispatch in the Winnipeg Tribune, it is claimed that unless unoccupied France is aided further by the United States, they will be without wheat and bread seventy-five days before their next wheat crop. What arrangements could be made to furnish them with the supplies needed are not known, as England seems determined, and rightfully so, that no supplies from the United States sent for relief find their way into German hands.

The invasion of Jugo-Slavia closed still another outlet to exporters. So far this year, since August 1st, Europe has taken 113 million bu less wheat, and ex-Europe, 9 million bu, than a year ago. These figures do not include shipments from Australia, as no figures have been available from that source. Last week's shipments of wheat and flour from Canada totaled 8 1/2 million bu, and were the largest single week's shipments since December 1932. There has been a very marked improvement in the export movement from that source during the past twelve weeks, during which time shipments have averaged 5,145,000 bu a week, compared with the average for the preceding twenty-four weeks of only 2,538,000 bu. How much of this quantity is reaching its destination is unknown. Possibly some of the increase in shipments is to offset losses on the ocean.

Conditions in the Argentine the past week have been favorable for plowing, but a number of important wheat-producing sections in Australia have been without rainfall of importance for several weeks, and good soaking rains are needed to permit growers to complete soil preparation and commence seeding, according to Broomhall. In the United States, the weather in most areas is favorable, although there are a few exceptions. According to the Missouri State Department of Agriculture, the April 1st prospect of that State is 35% below the ten-year average, and points to a crop of around only 17 1/2 million bu. They look for abandonment to be the heaviest on record.

Primary receipts today were 503,000 bu compared with 517,000 bu last week, and 972,000 bu last year.

The wheat market still displays a nervous undertone, and probably will do so until such time as there is more definite information as to the final agricultural program for 1941. All warehouse wheat loans will expire April 30th; the amount of wheat that will be redeemed and have to be absorbed by the market will depend somewhat on the price level during the next two weeks. However, on present basis, we do not think pressure will be in any way extraordinary.

At the close May wheat was 1/8¢ a bu lower and July 1/8¢ higher.

(OVER)

Corn remains firm, but is more or less stabilized, with the intention of the government agencies to release corn to feeders around present levels.

While at times both lard and soybeans are called upon to absorb profit-taking, the feeling continues friendly.

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CHICAGO April 17, 1941.

News from abroad has undergone very little change. The German armored forces seemed to be throwing their full strength against the British-Greek lines, while in Egypt, the British claim their position in the Mediterranean has been improved by the successful resistance of the British Empire Army of the Nile.

The grain trade heard with deep regret today of the death of Sir Josiah Stamp, who was killed last night in an air raid over London. Several years ago, he was sent to Canada as part of a commission to investigate agricultural problems, and after a very thorough research, his report included an unbiased vindication of the grain exchanges and the entire system of futures trading.

Unfortunately, over a period of many years, organized exchanges have borne the brunt of unjust criticism on part of those who are in no way familiar with the fundamental or economic purpose of such markets. There is a very poor understanding on part of the public at large that a grain exchange is an integral part of a large complicated system of marketing the farmers' products, and that it has enabled the farmer to sell his wares at a minimum distributing cost. Little attention is paid by the average laymen to the fact that the entire marketing system is being gradually torn down. In the agitation, wheat for many years has been used more or less as a political football, and a great deal more importance has been attached to this cereal than is warranted. It is true, wheat has always been a cash crop, but from the actual dollars and cents involved, it has to take second place to many other products. We have mentioned in the past that the production of the lowly hen often has been of greater value to the farmer than the wheat fields. We have no figures in front of us for 1940, but in 1939, the farm value of wheat was estimated at $510,667,000, while the gross income to the producer from eggs was $539,684,000; in 1938, the farm value of wheat was $522,639,000 vs. the gross income from eggs of $608,015,000. According to a statement of Secretary Wickard, in undertaking to feed Britain and the Democracies, poultrymen must supply 5,280 million dozen eggs between now and July 1, 1942. His statement is not clear whether this is the total production of eggs or is the amount necessary outside the quantity consumed on the farm. If the figures used are the total production, on basis of the price now being paid by government agencies, the income to the farmer would be very close to a billion dollars.

It is estimated that there was a million bu of Manitoba wheat sold to the United Kingdom for shipment during May and June. According to Sanford Evans, as of April 10th, the amount left in Canada for export and carryover was 602,472,850 bu, an increase of 236 million bu over the same period last year. This accounts for 36 weeks of the season, and should shipments during the remaining 16 weeks average as large as they have been running the past three or four weeks, the carryover at the end of the season may have to be lowered somewhat from previous estimates.

Additional moisture was received in the Central States, and while there is still a deficiency, the top-soil moisture during the past ten days has helped the crop outlook considerably in this section. The Nebraska weekly report claims heavy rains during the period in the eastern section; good progress was made in the western third of the State, but in the central and eastern portions abandonment will be rather heavy. This confirms earlier reports.

Primary receipts of wheat today were 544,000 bu vs. 698,000 bu week ago, and 1,114,000 bu last year.

Uncertainties still exist as to the final 1941 wheat program and the amounts of money that will be available to pay the farmer. The Secretary of the Treasury stated that in trying to work out checks against inflation and undue price advances, he hoped the Legislature would not approve the $350 million additional expenditures, which the Senate added to Agricultural appropriations. In the meantime, Secretary Wickard announced today the rates of parity payments to be made to farmers who planted within the 1941 acreage allotments. The rate on wheat will be 10¢ a bu on an estimated total of $57,300,000.

Officials of the Red Cross stated that they were considering the purchase of 150,000 barrels of flour as a reserve supply, but this proved of no interest to traders. In fact, trading in wheat was rathe a dull affair, with new support lacking. At the close May wheat was 3/8¢ per bu lower, and the July future 3/4¢ lower.

There seemed to be evidence of a fair amount of corn hedges coming into the pit, no doubt indicating further purchases from

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CHICAGO April 18, 1941

The Administration's tax goal of $3 1/2 billion new revenue to elp defray the cost of defense and aid to Britain brings to the fore- round more forcibly the tremendous cost of all government undertak- ngs, and also, thoughts and fears of possible impending inflation. ith these costs ahead of us for a number of years, the question arises s to how much additional revenue might be obtained from the newtaxes, nd whether finally this country, as well as the whole world, will have o resort to further devaluation as an offset against the increased ebts. The problems of suddenly attaining large increases in tax reve- ue in this country are very much different from what they were when e entered the last World War. At that time there were many sources f new revenue which had been untapped. In 1916, it was estimated hat the total tax burden of Federal, State and local amounted to only 25 per capita, and took only 6% of the national income, while, ac- ording to the Census Bureau, in the fiscal year ended June 30, 1940, t he total amount was $109 per capita, and 20% of the national income as being taken. Amounts necessary for adequate modern defense are remendous, but the consensus in this country seems overwhelmingly in avor of the defense program. However, there are many, seriously con- erned with our future welfare, who believe that other expenditures or the time being should be greatly curtailed, including the proposed enate agricultural appropriation, which has been set at a rather stu- endous figure.

In connection with the agricultural program, we wish to quote erbatum an article which appeared in the Liverpool Corn Trade News:

> "The Agricultural Adjustment Act of the United States, is undoubtedly the most important experiment in Bureaucratic crop control ever attempted by a surplus producing country. It is founded on, and makes its appeal by, a Government subsidy and it is probably true to say that no country, except the United States, could afford it. Farmers are subsidized for planting soil conserving crops, and for keeping to an acreage allotment. It is very profitable indeed for them to take advantage of the Act and it seems to us that the subsidy, in the guise of high loan rates, is gradually bringing the whole wheat industry of the United States under official control. The State is already a huge holder of cash wheat, it has its own storage and it engages in both the domestic and export trades. Its high loans interfere seriously with the efficiency of the open cash and "futures" markets, and impair hedging facilities. Traders in the United States have been very patient under great provocation, but they are alive to the danger of being crushed by this bureaucratic octopus."

War operations, combined with unfavorable weather, are seriously hampering spring field work in the Balkans. From Rumania complaints are received of a shortage of white flour, owing to the demands placed upon that country by the German occupation. In Northern and Western Europe, the season is late due to unusually cold weather, but if weather conditions remain favorable, it still would be possible to seed a large proportion of their usual acreage. The United Kingdom reports that an increased acreage of all spring grains is now pretty well assured, and that during the past two weeks field work has been very active. Australia reports that seeding is starting in some of the early districts, but dry weather in parts has left the soil in poor condition.

The agricultural appropriation bill of this country is in conference between the two Houses. However, there may be long, drawn-out discussions before any final decision is reached, and before the loan price is set for this season, there will no doubt be many hearings in Congress, including further consideration of the Certificate Plan. This leaves the trade in a more or less nervous,uncertain frame of mind until more concrete information is available.

Under the circumstances, coupled with the foreign news, bulls at the moment have lost some of their enthusiasm. The market ran into stop-loss orders, and the decline was also helped by the weakness in beans. However, there seems to be no concerted pressure, and redemption of loans become very light on declines. At the close May wheat was 1 1/4¢ a bu lower, and the July, 1 1/8¢.

The corn market is disturbed from time to time by announcements emanating from the CCC office. The early part of the session they withdrew all offerings of corn, but after a short time announced that offerings at 4¢ over the May would be resumed. Bookings from the coun-

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CHICAGO April 21, 1941.

The House Agricultural Committee will start its hearings to-orrow on the Fulmer Marketing Certificate Bill. This was very much dis-ussed earlier in the year, and in a sense is similar to the old pro-essing tax, at least to the extent that the consumer paid part of the ividend to the farmer. Its passage would mean taking less money out f the public treasury. The writer spent a week in Washington, and alked with a good many men, both in and out of the government. It as rather difficult to hear anything definite, except that the farmer ould continue to receive various benefit payments, and it is our im-ression that while the administration does not necessarily favor in-reased loans, they would probably not oppose them. Therefore, great ncertainties continue, and this is reflected in the daily swing of he market. In Washington, one hears continually of the so-called arity period from 1909-14, and practically every official is convinced hat the government owes the farmer an obligation to make up to him ut of taxpayers' money whatever he fails to receive below the so-called arity ratio. Just why this five-year period was selected is rather ifficult to say, although the advocates admit that this was one of the ost prosperous periods farmers ever enjoyed in this country. They lso admit that "parity" payments go to the wealthy, as well as to the oor farmer. Furthermore, there is nothing said about several commod-ties which are already above the parity prices established by the epartment of Agriculture. Probably by the same token, those farmers ho receive the extra benefits should make return payments to the reasury. In any case, it is this parity which forms one of the basic easons for the tremendous farm subsidy of $1,340 million, the largest n our history, just recently passed by the Senate at a time when errific and unavoidable monies were being expended for our defense rogram.

When our market opened this morning, prices were slightly lower, nd this was due to more moderate temperatures over southwestern dis-ricts than had been expected last Saturday. Freezing weather was con-idered likely in some areas where the wheat plant had jointed, but pparently thermometer readings were not too severe, and there is some hance now that warmer weather will set in. On the whole, winter wheat ade rapid growth during the past week, and abnormally high tempera-ures were an influence, but this was accompanied by abundant moisture ver practically the entire belt. From the Rocky Mountains westward, e outlook continues good, according to the United States Agricultural arketing Service, although some injury has been caused in California excessive moisture. In the spring wheat areas, seeding is well long in southern and central South Dakota, and fields are showing reen in some localities. In many sections, wet soil has been a ndrance, but not serious to this date.

Our market has recently felt the effect of loan redemptions, and ile figures are somewhat late due to the enormous amount of book-eping occasioned by many of the small loans, we are told that, up to ril 15th, repayments have been in excess of 20 million bu. This turally makes a difference because if the grain had remained impound-, it might have caused greater artificiality for old-crop futures, and e action of the May deliveries in various markets still depends to large extent on the price level between now and April 30th. A sharp se would naturally enable many wheat producers to repay more of their ans when they fall due and to sell their wheat in the market at some ofit above the loan.

When the visible supply was posted today, it showed a decrease 945,000 bu; total stocks in all positions are 119 million bu, or proximately 22 million bu more than was on hand in 1940. There was shrinkage in Chicago of 285,000 bu, leaving 9 million bu locally ld. The primary movement was slightly less than a week ago, and ly about half as great as a year ago, but high prices in 1940 had rmitted considerably more loan wheat to be redeemed.

At the last, changes were not great, and some recoveries had ken place, May wheat closing 1/8¢ per bu lower, while the July de-very declined 1/4¢.

Corn held within very narrow limits. There was a decrease of 1/4 million bu in the visible supply. Visible stocks remain large, t much of the grain is under government domination. Soybeans at one me were weak, but recovered.

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YORK COFFEE AND SUGAR EX.
OMMODITY EXCHANGE INC.
CHICAGO MERCANTILE EX.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO April 22, 1941

Germany continued pushing her armored forces upon the British and
eeks, and this Southward move created the fear that possibly a flank-
g position would render the allied forces less useful. The Balkan
uation recently has been the center of war interest not only in con-
ction with present events, but also as to the succeeding step on part
Germany. Some diplomatic quarters believe that Turkey might be the
xt country to be attacked if Nazi forces push towards the Suez.

All this has had very little effect upon our grain markets for the
ason that we continue largely under artificial domination. There has
en no word yet from Washington as to what we might expect on farm
gislation, although few consider it even remotely likely that the
rtificate Plan will receive consideration.

In Washington, the various governmental agencies are largely de-
ndent upon Chicago Board of Trade prices; and this relates to wheat,
rn, oats, etc., whenever any business is done. At the same time
siness on the organized exchanges is suffering terrifically from
deral competition. It is a great question in all minds whether the
A could function very efficiently without us. We are told that on
merous occasions when they want offerings from various dealers, they
ve been able to save thousands of dollars by sending out telegrams
the different exchanges instead of trying to contact individually
ery dealer throughout the land. Furthermore, by having the various
mbers of the organized exchanges disseminate the information over
ousands of miles of wire system, and also, giving publicity to news
er the broadtape, there is no chance of offending a dealer who other-
se might have been left off the list, and who in turn might have
aimed that he had been discriminated against. Thus, we have another
ample of how well organized the grain trade is in conducting busi-
ess at a minimum of expense but with a maximum of efficiency. It is
be hoped, therefore, that full cognizance of this fact will permit
to function,since we are still performing a very useful service.

When our market opened this morning, prices were somewhat higher,
ut there was no important volume, and orders from the outside were
ot forthcoming. About the same type of news has prevailed in recent
eeks; weather has turned more moderate, clearing skies are forecast,
ith probably higher temperatures. On the whole, crop comments are
avorable.

A week ago, it appeared as though Canada might come in for a bet-
er shipping demand for wheat, owing to heavy losses at sea, but this
s not borne out, as shipments this week amounted to 4 million bu,ex-
lusive of flour cleared, compared with 7 1/2 million bu a week ear-
ier. However, flour shipments were fairly large. The Canadian visi-
le supply is still extremely large, amounting to 473 million bu.This
s but a slight decrease from the previous week, and compares with
nly 304 million bu a year ago. Little is heard from Australia, and
ecause of the long haul she is not shipping much grain. Nevertheless,
er short crop will not be felt this season, because of heavier pro-
uction in Argentina. It is now estimated that India will raise about
82 million bu.In combining the production of the three countries just
amed, and adding the carryovers, we find that total supplies this sea-
on are 881 million bu compared with 815 million bu last year. Deduct-
ng the domestic consumption, there will be a surplus for export of
66 million bu against 315 million bu in 1940.

Little attention was paid to statistics or weather.However, an
tem from Washington claiming that lard prices would be watched,
placed a damper upon bullish enthusiasm in the various pits. The
government program does not provide for fixed prices of hogs, although
it will support the market from time to time around the $9 level;also,
it will try to prevent unwarranted speculative price increases in pro-
visions.

Primary receipts today were 648,000 bu vs. 569,000 bu last week,
and 1,597,000 last year. Kansas City and Minneapolis stocks so far
this week show a net decrease of 40,000 bu.

Final prices were somewhat lower, May wheat declining 5/8¢ per
bu, while the July delivery was 3/4¢ per bu off.

Corn was somewhat neglected, but showed moderate declines. De-
spite increased corn consumption during the remainder of the market-
ing year, the Department of Agriculture calculates that we shall have
a carryover next October of 775 million bu, compared with 695 million
bu in 1940; the five-year average, 1928-32, was only 163 million bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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HICAGO MERCANTILE EX.

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO April 23, 1941.

The most discussed topic today was the impending tax bill, with
eatly increased levies on the middle class. According to the pre-
minary draft, it is estimated that the income tax on married couples
ceiving $10,000 a year, would be about $1,628.00. This must bring
me to everyone, including those in public office, the heavy burden
our defense program, and may finally have a psychological influence
on expenditures in other directions, with a view of bringing about
eater economies. We have always thought that the spending spree
r unnecessary needs, would never be curtailed until the tax had
ached such a point where the average man became tax conscious.

The tax program had a somewhat bearish influence upon grain
ices when our market opened this morning, and while a good many
aders still believe that there will probably be a higher loan for
e next crop, the war news was disquieting, and some liquidation set
. Many of the old factors which formerly guided us are non-existent.
e Agricultural Marketing Act, which was designed to bring better
ices for producers, was never intended to have the government mer-
andise wheat to the extent that the private trade would be dis-
aced. Yet daily offerings and purchases have proved that bureau-
acy is not only a threat, but a direct competitor to the citizen
om whom tax money is taken. Hundreds of clerks, formerly in private
terprise, are now in government employ, doing practically the same
rk as they previously did, while the Federal agents use the grain
sts that have been prepared by the private trade in buying and sell-
g to dealers; thus, lessening the chances of the merchant conduct-
g normal business.

Weather in the Southwest is almost perfect at the moment, and
op reports are extremely favorable. Shortly after June 1st, which is
out six weeks ahead, wheat begins to move in Texas, and then gradu-
ly further Northward. With the possible exception of Missouri, and
rts of Nebraska, one hears few complaints; in the latter State, one
the most substantial rains occurred the past week, and this addi-
onal moisture has greatly improved soil conditions. However, winter
eat is not too good in the western third of that State, or in limited
eas in extreme southern and extreme eastern portions.

Flour business at the moment is quiet, and, according to the
rthwestern Miller, there is great caution, with neither bakers nor
mily buyers feeling disposed to commit themselves far ahead. Un-
ubtedly, farm legislation is also a factor. Spring wheat sales
ounted to only 30% of capacity, compared with 44% the previous week,
d 115% a year ago. In the Southwest, millers sold 26% of capacity,
ainst 39% the week earlier, and 41% last year.

Because of the war spreading to new areas, it will not be easy
ascertain European crop developments this season. From occupied
ance, for instance, information is completely lacking, and from the
ee territory, there are only estimates. It is interesting to note,
wever, that of the total French crop last summer of 188 million bu,
ly 43 million bu was raised in unoccupied zones, while the balance
s harvested in the German occupied areas. The war, together with
mage from disease, etc., contributed to the reduction in the crop.

The primary movement today was slightly better, at 605,000 bu
rsus 502,000 bu last week, and 992,000 bu last year. Kansas City
ocks for two days decreased 165,000 bu.

The volume of trade was not particularly heavy, although
ssibly a little better than yesterday when 10 million bu of wheat were
ansacted in the pit. Liquidation at times in sympathy with the 3¢,
more, break in soybeans was a factor, and at the last the May wheat
owed 5/8¢ per bu loss, while the July delivery declined 7/8¢.

Corn was slightly lower, but there was no great feature.
imary receipts were light, and this article remains artificial.
erefore, forecasts are difficult to make.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO April 24, 1941.

During the past two or three weeks, wheat prices have declined about 5¢ a bu; there was little inspiration from Washington, although everyone knew that legislation was by no means a dead issue, and it was simply a question of time before one of the pending bills would receive consideration. However, there were a good many uncertainties, and with war news disquieting, a certain amount of liquidation was apparent, particularly with the wheat plant making fine progress, and crops almost everywhere are said to be mostly in good to excellent condition. Jointing seems to be general in Texas, and some heading is reported. Fields in the extreme northern portion of the winter wheat belt are greening, and spring wheat seeding has progressed. We heard from a reliable party today that this was true all through Montana; also, in about 80% of North Dakota and Minnesota. Recent weather has been much improved. Now, with a forecast of clearing skies and higher temperatures, farmers seem to be in an optimistic mood.

From Washington yesterday, a late report carried the news that Representative Fulmer's measure had been reported favorably by the Committee and was pending on the House calendar. This bill apparently is an emergency measure for one year to provide mandatory 75% of parity loans on cotton, wheat, corn, and tobacco, and to provide 50% of loan penalty for quota violations. This gave encouragement to those who had previously made purchases on the theory that a higher loan for the next crop was almost assured, although volume of transactions was still small. Nevertheless, there are very few shortsellers, and with the various artificial stimuli, we feel convinced that markets will not fluctuate according to supply and demand factors, as would ordinarily be the case.

Whether one agrees with all the various measures being attempted in Washington matters little, as we are practically on a wartime economy, and the recent freezing of steel prices may set the pattern for the regimentation of American industry in the future. Others are beginning to complain, the same as those in the grain trade, that if democracy is to be maintained, it is essential that private enterprise be permitted to survive. One of the important steel men, in discussing the situation, claimed this in a recent talk, but pointed out that it could not be done with government control of industry. It was only the profit incentive, he stated, that made possible the spending of so many millions during the depression years on the expansion of the steel industry, thus placing it in position to meet any demands. Many people are worried over the future of agriculture, which is becoming more and more socialized, but yet the speculator who is trying to meet realities has to count on a continuation of the loan, which will undoubtedly keep markets extremely artificial.

Statistically, there is little change anywhere in the world, insofar as figures relate to wheat, except that the recent exports from Canada have been somewhat larger than were earlier anticipated. That country started its crop-season with total supplies of 852 million bu. fter deducting home consumption of 127 million bu, and exports of 26 1/2 million bu, there is still available for export or next carryover 598 million bu. Should Canada find it possible to export during he next fifteen weeks an average of 5 million bu weekly, her carryover ext August would be reduced to 523 million bu, which is a slightly etter prospect than was thought possible a few weeks back.

Primary receipts were 552,000 bu, or practically the same as last week; a year ago they amounted to 1,147,000 bu. Kansas City and Minneapolis stocks so far this week show a decrease of 225,000 bu.

At times there was liquidation in soybeans, which carried wheat rices somewhat off from the top, although prices never went below the revious closing levels. At the last, gains were recorded, May wheat losing 1¢ per bu up, while the July delivery advanced 3/8¢.

Corn was also helped by a slightly better psychology all around. he stock market improved moderately, and there seemed to be the feeling that before long higher loan levels would help commodities.

Lard was somewhat higher; this commodity has a good many riends due to the fact that the hog market will be more or less supported by the government.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO April 25, 1941.

The grain news has been rather colorless for the last few days,
lthough most of the crop reports that are coming to hand indicate
ery fine prospects, and this seems to be the case both in the North-
estern, as well as the Southwestern districts. Moisture is generally
most important item, and one might almost be in Australia getting
he reports from week to week, without actually going into the fields,
nd yet could forecast what the probable yields might be, as we have
een so often in the past that crops cannot be raised when there is a
evere drought. We have just received official statistics from the
our important Northwestern States, and find that the moisture from
pril 1st to April 18th, inclusive, with comparisons, as follows:

	1941	1940	1939	
Minnesota	1.94	.85	1.21	average
South Dakota	2.51	.44	.76	
North Dakota	1.83	.48	.61	
Montana	1.17	1.11	.30	

n this basis there is a fair degree of optimism, although it must be
ecognized that the season is somewhat late, but with a few days of
rying weather, this could easily be corrected.

It will not be long now before another crop will be harvested
n North America. The United States sown acreage does not differ a
reat deal from last year, slight increases in the winter wheat being
ffset tosome extent by a smaller decrease in spring wheat. Some
igure that Canada, owing to government action, may reduce acreages
y about 13 million acres, which would be a cut of almost 50% from the
8 million acres planted last year. However, we feel that this is a
ittle bit drastic. In any event, the wheat exporting countries are
etting themselves to the task of putting their house in order, and
ometimes this is only possible when prices go to a low point where
armers are discouraged and voluntarily decrease their production.

From a statistical point of view, there is nothing very bullish.
anada has 234 million bu more wheat on hand than last year: there-
ore, a smaller crop will still give them ample supplies for all pur-
oses. In the first forty-two weeks of the season, the United States
as exported less than 24 million bu; consequently, we still have
92 million bu left for export and carryover, after allowing for domes-
ic consumption.

In spite of this, our market was rather firm this morning. It
as felt in most quarters that, within the next few weeks, action from
ashington on the loan policy was to be expected, and this is bound to
ive us an artificial situation again next season. Canada keeps doing
fairly large export business to Britain, and this is only natural,
s even under convoy, the number of vessels being sunk is taking a
remendous toll. However, other countries will find it difficult to
hip abroad. We find that in the Argentine the surplus of wheat re-
aining for export is nearly 150 million bu, compared with only 89 mil-
ion bu a year ago.

Primaries were better today at 786,000 bu versus 682,000 bu
ast week, and 1,311,000 bu last year. Kansas City and Minneapolis
tocks so far this week show a total decrease of 280,000 bu. We expect
small decrease in the visible supply on Monday; last year it in-
reased 921,000 bu.

Despite some weakness in the stock market, and early weakness
n soybeans, the undertone in wheat was good all during the session,
nd this cereal gained momentum as time went on. Many believe that
ach day brings us closer to the time when a higher loan may be an-
ounced from Washington, and since very little of the 1940 impounded
heat is yet coming out, pressure upon the market is very light. There
as comparatively little resistance to buying orders today. At the
ast, May wheat showed an advance of 1 5/8¢ per bu, while the July
uture went up 1 7/8¢.

Corn was also fairly strong on a small volume. According to
roomhall, Great Britain had contemplated importing American corn, but
essels are being used for more important purposes --airplanes, tanks,
nd munitions take first place at this critical period. However, the
ellow cereal is dominated by domestic factors, and the artificial
ituation created by a high loan. Therefore, the lack of foreign de-
and does not seem to be a serious deterrent to those who are bullishly
nclined.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO April 28, 1941.

There are very few seasons without a major crop scare of one
ld or another, and yet, this spring has been almost perfect, insofar
the weather has been concerned. There was ample moisture almost
erywhere, and according to the Department of Agriculture, winter wheat
ntinued to make favorable progress this past week. In the spring
eat areas, seeding has been practically completed in the southern
ird of South Dakota, although work has been delayed by wet fields in
rth Dakota and Minnesota; in fact, only about 10% of the crop, ac-
rding to their report, had been planted in these states at the middle
last week.

When our market opened this morning, there was very little to
ide it. Additional moisture was reported in Oklahoma and parts of
xas, and this may be only regarded as favorable, coming so early. How-
er, the plant was not in particular need of precipitation, and we have
ard virtually no complaints from the far Southwest.

It had also been announced that, as of April 22nd, wheat re-
mptions on the 1940 crop amounted to about 26 1/2 million bu. When we
ke into account that the total quantity of impounded wheat amounted
about 278 million bu at the peak, and when we allow for a carryover
xt July of 380 million bu, which is the last government estimate,
is fair to assume that on July 1st there may be about 125 million bu
free wheat. This would be, roughly, one-third of our reserve stock,
t is about as much as was considered a reasonable carryover before
e days of the Farm Board. In the meantime, our population has grown,
d elevator space has increased, but in any event we mention it to
ow that it is a rather comfortable stock of free wheat, if augmented
more wheat from the next harvest.

The local trade today felt that we would very likely have an
nouncement soon on next season's loan program. All reports from Wash-
gton indicate that, despite Secretary Morgenthau's objections to
ending for non-defense purposes, it was quite likely that the $450
llion under the Russel Amendment for farm parity cash would finally
voted. This is a boost of $238 millions over last year. Also, it
expected that Congress will vote higher loans, unless it has strong
surance from the Administration that the loans will be set higher.
seems that Congress is determined to get the producers their share
defense spending, and accordingly, a farm commodity loan at 75% of
rity is likely soon.

Little attention was paid to European crop news, although
ospects for wheat remain somewhat unfavorable. The season is about a
nth late, and the young plants are suffering from lack of warmth and
nshine. Despite this situation, exports remain about the same; world
ipments this week were 9 1/2 million bu. This was slightly less than
st week, but a little more than last year.

The primary movement today was 810,000 bu, or about the same
last week; a year ago it amounted to 1 1/2 million bu, but at that
me very high prices prevailed. The wheat visible decreased 1,657,000
; total supplies amount to 117,713,000 bu compared with 98 million bu
year ago. At Chicago there is nearly 9 million bu locally held; only
small decrease took place during the week.

Trade today was extremely quiet, although the volume was un-
ubtedly better than on Saturday when only 7 1/2 million bu were trans-
ted in the whole wheat pit. The undertone was firm, and there was some
vance in soybeans, which after an early break, rallied, with the May
livery touching the season's high. In wheat there seemed to be
ightly larger redemptions, but most of the traders were on the con-
ructive side of the market, figuring that a high loan would mean arti-
cial prices. At the last, May wheat showed an advance of 1/2¢ per bu,
ile the July delivery was up 7/8¢.

Corn was also quite strong; there was a fair amount of changing
tween various trading months. The fact that the CCC announced that
e corporation was sold out at several sub-terminals had a slightly
llish tinge. No attention is being paid to the international situa-
on, and a bearish picture in the Argentine, where the new crop is
ficially estimated at 417 million bu. There is still about 245 million
of exportable surplus on hand. The government has announced that it
ll support new-crop corn offered by growers at 36¢ a bushel. Disposal
der present conditions is a problem.

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DAILY MARKET LETTER

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO April 29, 1941.

It is not at all uncommon to have rising prices in wheat during
e spring months in ordinary times. Formerly, large export sales were
oked at this period for July or August shipment, and this came con-
rrently with crop scares; therefore, as export hedges were taken out
the market, advances were easily brought about. In the present
up, we have had neither export demand nor adverse crop news. As a
ter of fact, for the second season in succession the United States
apt to produce a much better crop than the administration had ex-
cted when it fixed the acreage allotment. The present stock of sub-
il moisture, which is so important to the plant later on when the
ads are forming, is above normal, and the weather forecast suggests
owers rather generally tonight and Wednesday. While it is still
ry early in the Northwest, one can at least say that everything has
en favorable for seeding in spring work the past week, while rapid
ogress has been made in the fields. North Dakota is a little slower
an some of the other states, but generally speaking, seeding is about
% completed in the northern section, although there are a few dis-
icts in which it has just started.

Our market at the present time is influenced almost entirely
political developments. Press comment from Washington was to the
fect that there might be action today on the Fulmer emergency measure,
lling for 75% of parity on wheat, tobacco, and cotton loans. This
s responsible for somewhat higher markets early, and buying orders
d gathered in the pit overnight, giving us a reasonably strong
ening.

The great question in our minds is what will happen to the
faulted wheat which the government is presently taking over. Natur-
ly, this would have a very important effect upon the price level, be-
use if it were to be impounded for several months, it would be an
tirely different story than if the supplies were gradually to be re-
ased to the milling trade when the government could liquidate these
ldings without a loss. Last year, for instance, the carryover was
4 million bu, but practically all of the reserve stock consisted of
ee supplies, while this year, with a carryover next July of 380 mil-
on bu, probably the largest part will be under government domination;
erefore, much depends on the final disposition of the government-
ned wheat. We saw in corn that they were willing to liquidate their
cumulations at certain limits, but whether the same holds true for
e major cereal is still a question.

The primary movement is slightly better today, at 729,000 bu
rsus 648,000 bu last week, and 1,736,000 bu last year. Kansas City
d Minneapolis stocks so far this week show a net decrease of 36,000
.

Trade was rather nervous, and best prices of the day were not
intained. There was an item on the broadtape to the effect that the
onomy group might fight the higher government loan, and mention was
de of the fact that the bill did not have the administration's sup-
rt. This caused some uneasiness toward the end of the session. There
another factor, which has not been much discussed, pertaining to
e application of the bill if finally enacted into law. Last year
e average loan price was 64¢ on the farm, with higher levels in some
mmunities than in others. In Illinois, for instance, the price was
¢ on the farm, and then charges of 4¢ per bu were added, plus 9¢
eight, making the price 81¢ in Chicago. But nobody knows exactly how
e matter would be handled this season; therefore, there are still
eat uncertainties ahead. At the last, prices were very little changed
om the previous session, with some evening up of commitments, May
eat closed 3/8¢ per bu lower, while the July future advanced 1/8¢.

Corn advanced early with the great strength in soybeans, the
y delivery making a record on the crop. Finally, however, there was
me realizing when the leading cereal reacted. Trade on the whole was
ly moderate.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO April 30, 1941.

The Bureau of Agricultural Economics in its last report on the
heat situation gives some very interesting data and statistics. There
re very few changes from previous estimates, although they now be-
ieve that the carryover of old wheat on July 1, 1941, may total about
90 million bu, which is an increase of 9 million bu over last month,
nd takes into account the likelihood of some decrease in wheat feed-
ng to animals. The higher the price, the less chance of large amounts
eing used for feed. This being the case, the reserve stock next July
ill be about the largest on record, and results from the large crop
aised in 1940, as well as comparatively small exports. On the as-
umption that winter and spring wheat production will total about 800
illion bu, we shall start the next crop-season with total supplies
fapproximately 1,200 million bu, and shall then be faced with domestic
isappearance of about 675 million bu. Therefore, the quantity avail-
ble for the following year's exports and carryover would be about
25 million bu.

The world's wheat situation is also very bearish, and according
o the same authority, the world's carryover of wheat will be about
he same as it was in 1940; namely, 1,416 million bu, which established
n all-time record. The surplus stocks will be largely concentrated in
anada, the United States, and the Argentine.

Despite these factors, the House has seen fit to pass a bill
aking mandatory 75% of parity loans to compliance farmers for the
oming year, which on an average will make the price on the farms
bout 85¢ a bu. This action had been more or less expected, and there-
ore, its influence upon prices today was not very marked; in fact,
ecent advances had taken place probably to discount the news. How-
ver, there are two distinct lines of thought as to what will eventu-
lly happen. The first group of thinkers calls attention to the action
f the market last year when prices during the crop-moving period were
omewhat lower than the loan, but gradually a tightness set in; and
hey figure that the same course may be followed this season. They
lso point out that more producers are eligible for the loan than pre-
iously, and stress the fact that the largest portion of the carryover
ill be held by the Commodity Credit Corporation, some of which will
ndoubtedly be re-sealed on farms. The second group is a little more
keptical. They figure that with the excellent crop prospects there
ay be considerably more wheat grown than is indicated by the early
eports. They say that instead of a combined production of 800 mil-
ion bu, there may be closer to 900 million bu of wheat raised, and
herefore, if the war lasts and export markets remain inadequate, the
overnment may not have its own way in controlling prices. They show
hat in other countries where artificial methods were resorted to,
undamentals finally won out. Possibly, this is the reason why markets
or the moment appear to be more two-sided. It is even different from
otton, in which the United States has the controlling interest; wheat
s raised in practically all climates, and with a huge surplus in the
rgentine, sacked wheat is being piled outside under canvas covers at
ome stations, and while these wheat piles are being built better than
sual, there seems to be the fear that the grain may have to be stored
or the duration of the war.

While there was no adverse criticism, there was some surprise
xpressed that the government should be working towards higher prices
n lard, wheat, cotton, etc., yet, checks on other commodities were
ttempted to prevent a general rise in the price level, as inflation-
ry tendencies are very much feared at the moment.

Primary receipts were 523,000 bu compared with 605,000 last week
nd 1,364,000 last year. Kansas City and Minneapolis stocks so far
his week show a net increase of 72,000 bu.

While the market was firm early, the action was not very en-
ouraging to a bull. Late in the session when soybeans turned weak,
here were small liquidating orders, and at the last May wheat showed
loss of 1/8¢ per bu, while the July future declined 1/4¢.

The private experts will soon release their estimates on the
inter wheat yield, and it is thought that their figures will be con-
iderably higher than those of last month.

Corn also declined, and it seems that new incentives are needed
n this cereal. Trade was small, although there were a considerable
umber of orders changing over between the various deliveries. In
ye, quite heavy tenders featured the market; one of the leading
levators was changing hedges from May to September.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 1, 1941.

After the close of the market yesterday, sentiment was somehat bearish, as many had expected that upon announcement of the loan rogram prices would immediately respond to the higher rate, which ould mean a price of $1 or more per bushel at Chicago for next year's rop. However, the situation when analyzed was somewhat different rom the way it had appeared in theory, and the picture pertaining to ash wheat is slightly bearish, because old-crop reserves are now being liquidated in order to make space available for new wheat, upon which much higher loan may be secured. Thus, consumers are now getting their current needs on a better basis than they had expected a few ays ago. With the crop outlook so optimistic, it is not surprising that the country should try to gain sufficient space for at least a easonable portion of the new crop; therefore, the market has this new factor to contend with for a few days, at least.

During recent sessions, a good many traders have ignored almost entirely crop news and statistics, depending very largely upon legislative action, but today more attention was again centered upon fundamentals. The preliminary indication of acreage as given out by the government suggests an abandonment in winter wheat of 13.9% of the seeded acreage, compared with 17.5% last year, and the ten-year average of 18.6%. It is not surprising, therefore,that a great deal of optimism prevails with regard to final harvest. According to the last government report, we may have a winter wheat yield of 616 million bu, while last year the final figure showed a crop of 589 million bu, and this compared with a ten-year average production of only 569 million bu. However, it seems as though considerable improvement had occurred during April, and very likely, the May figure will show an increase, as the important wheat producing areas have responded to satisfactory weather. The Robinson Elevator report this morning on Kansas estimated a crop of 169 million bu for that State, or an increase of almost 20 million bu during the month.

Now as far as the spring wheat production is concerned, it is a little too early to have definite opinions. The government tells us that while fall precipitation exercises some influence upon final yields, the size of the crop is determined chiefly by June and July temperatures and April-May precipitation. It is very important, therefore, to note that since April 1st, precipitation has been generally considerably above normal in all spring wheat States. The Great Northern Railroad report, commenting upon conditions in the Northwest, stated that everything was satisfactory, but more sunshine and drying weather was needed.

From an international point of view, about the only change worth mentioning is the larger export movement from Canada in recent weeks. There was about 7 1/2 million bu of wheat and flour placed afloat this week, but the average since August 1st is now around 3,600,000 bu a week. Exports for the entire season to-date are 7 million bu smaller than they were a year ago, and there is still 585 million remaining either to be shipped or for carryover, but it is quite likely that the reserve stock next August will be somewhat smaller than was indicated earlier, due to the heavier outward movement at this time.

Primary receipts today were slightly better, at 729,000 bu compared with 552,000 bu last week, and 1,249,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,000 bu.

After an early break in the market, buying power improved, and with comparatively small volume prices were lifted, May wheat finally closing unchanged; the July wheat was up 3/8¢. The fact that soybeans recovered lent some encouragement; the deferred months were the strongest.

Corn was firm, but there was no particular feature. The carryover next October first will probably be at least 50 million bu larger than the record carryover on October 1, 1940. However, statistics are playing only a small part; the trade is imbued with artificial factors.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 2, 1941.

The tenor of crop news for the past two weeks has been such that
one should have been surprised at the increase which the private
p experts forecast for the winter wheat crop. Conditions during
il were almost perfect, and a yield of 643 million bu is now sug-
ted, as compared with 616 million bu, according to the government
onth earlier. Not only has the plant been well maintained, but the
unt of winter killing is very small; therefore, we shall finally
e a large acreage standing for harvest, with the result that our
p is apt to be 74 million bu larger than the ten-year average.
s, of course, is a fine showing when it is considered that there
been a move toward acreage reduction, and if we add 200 million bu
the likely spring wheat production, the entire country will raise
ut 843 million bu. On basis of our domestic utilization of 675 mil-
on bu, which the government considers possible next season, there
l be a surplus over and above home requirements of about 168 mil-
n bu. Since the chances for export are not very good, particularly
the war continues, we can only count at this time on shipping about
million bu during the coming season; consequently, we are apt to add
other burden to the carryover reserve in 1942 --possibly there will
as much as 520 million bu of wheat on hand.

As just stated, this is predicated on the possibility of the
lasting for another year, and also the assumption is made that
gland will get the bulk of her supplies from Canada, where the reserve
ocks are also very heavy. Others must have figured about the way we
l, and possibly came to the same conclusions.

Despite government action in connection with higher loans, our
rket was somewhat indifferent. Also, it is impossible to permanently
rget that artificial markets are very likely, as long as the govern-
nt has the will and the money to carry on a program which calls for
timate accumulations in the carryover as the years pass. We doubt
ether many people in Washington, who are responsible for legislation,
e as close to the figures as the grain trade, which practically lives
th them all the time; therefore, the secondary consequences may
overlooked in trying to help the farmer through this period. It is
so somewhat of a paradox that, while the administration does not
nt to see particularly high prices or inflation, all these measures
e being suggested, which will inevitably give us an artificial level.
t the farmer is still in the favored class, and despite the move to-
rds restricting expenditures for non-defense purposes, there seems
be little trouble in voting higher bounties in order to provide a
rger income for the producer.

Nobody knows yet to what extent acreage reduction will be prac-
ced in Canada, and it will take time before observations mean much,
seeding has not progressed far enough. Manitoba, with the best
ril precipitation in years, is now pushing ahead with land work, but
e season is somewhat late, yet the advantages of an excellent seed-
d are widely recognized. Alberta is progressing rapidly, and ap-
oximately 30 to 40% of the acreage has been sown. Saskatchewan re-
rts that not more than 10% of seeding has been completed. It seems
at rain and snow in many sections have proved a fairly prolonged hin-
ance.

Before long, we shall also be informed as to the amount of wheat
at has fallen into the hands of the government when the farmers de-
ulted instead of redeeming their obligations, but in any case a very
rge quantity, in fact, the bulk of the carryover, will undoubtedly
long to federal agencies, and it has not yet been determined whether
is grain is to be sold on the market at a certain price, or whether
ese accumulations may be withheld from the regular marketing channels
r a further period. This, of course, is extremely important to those
o are trying to figure out price relationships, and makes the market
tremely uncertain at this writing.

(O V E R)

Primary receipts were 608,000 bu versus 786,000 bu last week, and 1,205,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 32,000 bu. We expect a reasonable decrease in the visible supply on Monday; a year ago there was an increase of slightly over one million bu.

Markets were extremely quiet and there was no particular feature; firmness was undoubtedly due to expectations that Washington would carry through with some sort of legislation to create high loans for the farmer. At the last, May wheat showed an advance of 3/8¢ per bu, while the July future was up 1/2¢.

Corn was more or less neglected; trade in the pit yesterday was less than one million bu, and we doubt whether today's volume was any better.

Soybeans are enjoying a large trade, and this commodity is selling at very good prices despite the fact that there is no government loan. However, unnatural factors are not interfering with consumption, and, therefore, supply and demand is permitted to rule.

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141 W. JACKSON BLVD.

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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 5, 1941.

There was really nothing in the grain news over the week-end to pire our market. For several weeks, spring weather has been very orable for the development of the crop, and this was best brought by the estimates recently released by private experts showing con- erable improvement over the April report. In the Southwest, the p is heading in north central Texas, and 50 to 75% of the grain is nted in the southwestern and south central counties of Kansas. e sunshine was still needed in Oklahoma, but growth during the week favorable. Prospects in the Rocky Mountain and Pacific Coast State so continued favorable. It is still a little too early to have very inite ideas about spring developments, except to state that sunshine drier weather resulted in rapid progress in our Northwest. From to 90% of spring wheat had been sown in Minnesota at the middle of st week, and planting was nearly completed in South Dakota, except the extreme north and west. The early seeded wheat, according to e Agricultural Marketing Service, is up to good stands; seeding has de rapid progress in North Dakota, and was nearly completed in south- n sections, where the early grain is coming up well. The moisture tuation in the spring wheat belt as a whole is quite satisfactory, d in fact, the best in a number of years.

Ordinarily news of this kind would have a bearish influence on markets, but we are already undergoing very artificial periods, th every prospect that this will be intensified as time goes on. st season, at the peak, there was 278 million bu of wheat impounded, which 32 million bu has been redeemed, thus leaving 246 million bu ill tied up from the 1940 crop. There has been some controversy as whether loans could still be repaid up until May 10th, but it is our inion that there will only be trifling amounts still coming back into e free trade, although some allowance must be made for the fact that e government is behind in its bookkeeping. Therefore, there may be a aller quantity owned by the federal government when history is finall ritten. In any event, there must be another 10 to 15 million bu of eat owned by the other governmental agencies, such as the Crop surance Corporation, so that the carryover of some 390 million bu of eat will be largely controlled by the CCC and other federal groups.

We mention all this to show how the government might finally ve a virtual corner on supplies, particularly since with a high loan r the next crop there might again be 30 to 60% of the supplies that ve from farms, tied up, and this would hardly leave enough free wheat r our domestic consumption. In all our calculations, we always de- ct the amount of wheat needed on farms for seed, or the wheat that is ed, and, of course, no matter how high the loan level might be, this ain is never included in the quantity that might be frozen, except at when the loan is unusually high, smaller quantities would be fed animals.

In Canada, it is now expected that the acreage will be about 0% smaller than last year. This is according to a Free Press report, t the various correspondents qualified their estimates by saying at farmers might be induced to grow less wheat and summer fallow re acres if the season were further delayed. With the land thus take t of wheat production, greater acreage will be put into coarse grains r at the present time, only shortage of feed is holding down hog roduction in the PrairieProvinces. Moisture conditions in Canada are ess favorable than in our spring wheat areas. Manitoba reported a airly good outlook, but it is only partially satisfactory in Saskatche- an, and just fair in much of Alberta.

Primary receipts were larger at 808,000 bu, or practically the ame as last week versus 1,366,000 last year. The visible supply showe nly a small decrease of 298,000 bu, the bulk of which occurred at hicago, with a shrinkage here of 134,000 bu. Total stocks in all posi ions are 117 1/2 million bu, which is about 18 million bu more than w n hand in 1940.

Best prices of the day were not maintained; cotton quotations ere closely watched for some indication of what may be expected on fa egislation. The May delivery was strongest, with the possibility tha edemptions were about at an end. At the last, the nearby future was p 1/4¢ per bu, while the July wheat closed 3/8¢ lower.

Corn was firm right from the start. Preparations for planting ave made good progress. However, artificial influences are playing an mportant role, and with hog prices high, it is figured that larger

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 6, 1941.

The Central States were visited with fine moisture overnight.
is was somewhat unexpected, but nevertheless, extremely welcome.
op news on the whole remains very satisfactory; we are including,
so, the Northwest where precipitation during the past week had been
ther light in most areas, except in central North Dakota, where good
ins were received. Seeding of wheat is well along in all districts,
d finished in some. Possibly as much as 80% of the wheat has been
t into the ground, while good progress is being made on coarse grains.

The trade, which ordinarily pays a good deal of attention to
ring weather, finds itself looking almost entirely upon artificial
fluences brought about by persistent talk of a high loan on wheat.
view of the enormous surpluses, both in this country and in the rest
the world, and with the lack of satisfactory outlets owing to the
r, also with England reducing insofar as possible food consumption
order to save tonnage, farm products would undoubtedly be selling at
ry low prices under normal conditions. It is far different from
e last war when shipments were being made from here to Holland,
lgium, France, Italy, etc.; therefore, there can be only one outcome:
mely, that our carryover reserves will continue to pile up in this
untry.

It is claimed from Washington that 85% of parity loans were
ing sought by certain Senators, and possibly before long, a compromise
y be worked out with the House in order to obtain these higher loan
gures. This had considerable influence upon wheat and cotton, which
turn stimulated buying in other cereals. For about ten years farm
licies have been concerned with the support of prices, restriction
production, and disposal of surpluses, and this has been particularly
ue in such commodities as wheat, cotton, and tobacco. There is every
ason to believe, despite economies which are much discussed, that
ere will be no change in the agricultural program. So-called parity
ices are more demanded than ever in an attempt to round out dis-
repancies between the articles that the farmer sells and those that he
ys. This almost assures us that we shall have artificial stimuli for
metime to come. As a result, wheat futures this morning went into new
gh ground for the season, although volume of trade was rather moder-
e.

Many people are still wondering whether inflationary forces
ill be arrested by heavier taxation. However, with higher wages,
hanced prices for raw materials used by major industries is inevitable
e real danger of price inflation comes from the public having more
ney to spend on fewer things. This may have been the reason for the
neral rise in all commodities today, which was also reflected in a
ch better stock market. These factors, together with a better milling
mand, and the threat of an 85% of parity loan, gave the wheat market
nsiderable impetus, with final prices at almost the best levels of
e day.

Little attention was paid to statistics. Primary receipts
day were 576,000 bu versus 729,000 last week, and 1,763,000 bu last
ear. Stocks at Kansas City were unchanged for one day.

Some of the new buying came into September wheat, and this
idened the carrying charge slightly over July. May wheat was also
little stronger relatively, possibly influenced by the removal of
edges, with milling interests the best buyers. At the last, the nearby
ture was 2 1/8¢ per bu higher, while July advanced 2¢.

In corn, there was firmness, but no particular strength con-
idering the tremendous gains in soybeans, and also a further rise in
ye. Crop news domestically is satisfactory; it is now claimed by
roomhall's correspondent in the Argentine, that the official estimate
417 million bu for that crop is too small. He figures that the
ield may approximate 456 million bu, with a carryover of 248 million
. As a matter of fact, international developments are having very
ittle effect upon prices here; everything seems to be highly arti-
icial.

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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 7, 1941.

From the various discussions at Washington it would seem that he conferees of both the Senate and House regard prices as something hich can be regulated or controlled at practically any figure without nsidering the secondary consequences. History has taught us that rices themselves are but symptoms of underlying conditions. The sound ay to keep prices down is to increase production, while at the same ime economizing in consumption. Conversely, as supplies are short and emand increases, there is bound to be a scramble for goods, with the esult that somewhat higher prices must be paid. Nobody understands his better than Mr. Leon Henderson, who, upon assuming his new office, s quoted as saying that maintenance of a stable price level depends s much on a "smooth relationship" of supply and demand as on the actua echanics of price fixing. He said: "Legal penalties are not a substitute for additional supplies in holding prices down. If we get to he point where we are relying on legal punishment, then we will have eached the top of our productive effort."

Despite all this, the Senate Committee is persistent in asking hat loans for the next crop be set at 85% of parity, and thus far, hey have seemed unwilling to make concessions in other directions ither in recommending acreage contraction or in accepting a smaller ubsidy than the $450 million one recently voted. On the former roposition, there is the fear that if too large an acreage reduction s suggested, possibly the referendum on quotas, which will be voted t the end of May, will have less support from producers than otherise. Thus, there is some debate on farm legislation, although most eople still contend that the wheat price as finally adjusted by the rbitrary index of the so-called parity plan, will find us with an nusually high loan price, and in fact, a much steeper advance than ven the most optimistic proponents had dreamed of.

There was little attention paid to weather or statistics, but he latter continue of a bearish tenor, and now that the government as given us stocks of large mills, indicating a reduction of 18 milion bu from those of 1940, we are in position to calculate total suplies in this country, as of April 1st. Taking into account the comercial visible, country mill and elevator stocks, as well as farm eserves, we find there is 110 million bu more wheat on hand now than here was a year ago. This confirms the government's forecast that he carryover supply of wheat next July will be about 390 million bu, r a new record high.

Advances in our market were maintained, with all three futures oing into new high ground; this may have been due to further flour ales, particularly those in the Northwest, where milling interests ere good buyers almost throughout the session. As futures had to be ought, in removing these hedges, they were supplied by commission and ine houses, who told us their selling was against winter wheat that as being redeemed.

Weather conditions in the Northwest have been exceptionally ood, and we give below the average rainfall for the full month of pril for the important spring wheat States:

	1941	1940	1939
Minnesota	2.93	2.24	1.34
South Dakota	3.49	2.32	1.07
North Dakota	2.22	1.98	.93
Montana	1.38	2.55	.63

nasmuch as April and May rainfall is so important in determining final ields, one may only conclude that the crop has gotten off to a fine tart.

Primary receipts were not particularly large, they amounted o 592,000 bu compared with 523,000 bu last week, and 1,283,000 bu ast year. Kansas City stocks for two days decreased 59,000 bu.

Wheat prices, while firm, fluctuated within a rather narrow ange; the May delivery was the strongest, although at about 2¢ over uly a leading elevator concern seemed to be the best seller. At the ast, May wheat showed an advance of 2¢ a bu; the July was up 1 1/4¢.

Corn was very strong, with seasonal highs established. Weather ver the belt is satisfactory. There are no burdensome supplies anyhere, and with hog prices well maintained, feeding for the balance of he season will undoubtedly be on a big scale.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 8, 1941.

Much has been heard recently about price levels, and the pos-
ble fixation of prices for certain agricultural products, but before
y such discussion, it is necessary to understand that the function
a market is to fix a price which will coordinate production and
nsumption. In other words, this is the price which moves the whole
op into consumption without a shortage, and without an excessive
rryover. Should complete price fixing be attempted by any Govern-
ntal agency, the law of supply and demand would necessarily be fol-
wed as closely as possible, but this, no doubt, would lead to ration-
g. However, to ration consumers, would be a tacit recognition of
e law of supply and demand. A price that is too low does not main-
in production; a price too high does not maintain consumption. In
der to make price fixing effective, all prices including wages,
nts, and services have to be strictly controlled; otherwise, the
ifting of demand from the one kind of goods to another brings in
flation through the back door. At the present time, there is con-
nued debate in Washington on the so-called emergency legislation
signed to place mandatory increases on loans for the five major farm
ops. While the Senate still clings to its theory that 85% of parity
ould be adopted, the House at the moment is supporting a loan of
ly 75%. The latter is also preferred by the Department of Agricul-
ure, probably in reflection of White House views.

This being the case, there was some hesitancy this morning,
nd at least a temporary halt occurred to the continued price advances
ecently scored.

The much discussed parity price is somewhat of a theory in-
ended to lessen discrepancy between city and country side prices.
s applied to any agricultural commodity, it will be that price which
epresents a purchasing power with respect to the articles that
armers buy, and should be equivalent to the purchasing power of such
ommodities in the base period. For all agricultural commodities with
he exception of tobacco, this base period runs from 1909-14, when
s a matter of fact, many complaints had been current about the excess-
vely high cost of living. In the case of tobacco, where the returns
o the farmer were not overly satisfactory, they have arbitrarily
aken a different period. We assume that new parity prices will be
nnounced at the middle of each month for the purpose of computation.
s of April 15th, wheat figured $1.14 on the farm.

From a statistical point of view, there is some slight im-
rovement in Canada. At the present time, with total wheat and flour
xports of 142 million bu since August 1st, there is still available
77 million bu for export or next carryover. Clearances are running
t the rate of about 7 million bu weekly. Should this be continued
or the remaining thirteen weeks of the season, there would finally
e a reserve stock of 486 million bu on August 1st, and if shipments
hould drop to an average of 6 million bu weekly, Canada would end up
he season with a carryover of 500 million bu. This is somewhat bet-
er than had beenanticipated earlier. In our country, we see little
hange. Less than 25 million bu of wheat and flour were cleared in
orty-four weeks, and despite some increase in subsidy, there is
ittle likelihood that total shipments will exceed 30 million bu for
he entire year.

Primary receipts were 639,000 bu versus 729,000 bu last week,
nd 1,473,000 bu last year. Kansas City stocks decreased 154,000 bu
or three days.

The Department of Agriculture declared that it was prepared to
ake prompt action to prevent excessive speculation in commodity
utures markets under its supervision. Apparently, telegrams had been
ent to some of the Exchanges in this connection, presumably in the
ublic's interest, asking for higher marginal requirements, and other
ffective measures toward market control. This was in connection with
ottonseed oil futures, but the matter had a tendency to check bullish
perations in certain other lines, and there was a little more caution.
lso the fact that fairly heavy redemptions occurred in the Northwest,
cted as a check. Van Dusen's report was very optimistic on spring
heat conditions, claiming that crop prospects throughout the entire
erritory could scarcely be brighter at this time. With Minneapolis
utures weak, we closed 1 1/2¢ per bu lower for the May delivery,
hile July was off 1 1/4¢.

Corn was not particularly sluggish, but fractional losses in
ympathy with wheat were sustained.

DAILY MARKET LETTER

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TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 9, 1941

In the grain business, federal competition at the moment is ere. We have never seen any figures as to what it costs the ernment to handle a bushel of grain, and the chances are that with many agencies and interwoven departments, it would be difficult to ain a complete picture. Certainly this is the case at the moment, we believe that many of the charges and expenses of the various ncies are probably not made against the individual departments, but part of the general expense. On the other hand, when grain is vately handled by the middleman, in conjunction with organized hanges, all of the expenses of doing business are kept in a set of oks by each firm, and the business is handled with the lowest margin cost of any commodity. In most forms of merchandising, a 5% margin looked upon as a very low charge. One of the largest automobile ks in the country, famous for its efficiency in cheap distribution cars, allows its agents 15% for selling. The margin on dry goods fully as high for the wholesale handling alone. The California uit Growers' Exchange found that the average margin taken by the ber in distributing the oranges from the Growers' Exchange to the ailer was 8.4%, and even there very little risk was involved. The t that grain is handled at about 3%, the lowest margin of any farm oduct, is due to the evolution of the present Grain Exchange, with s coordinated and inter-related system of cash and futures trading. is to be hoped, therefore, that with more and more socialized farm- g, private enterprise, which is doing such a wonderful job, will not completely driven out of business.

When our market opened this morning, the trade was in a more llish frame of mind. Senator Bankhead had predicted that the 85% of rity loan would finally be adopted, and while the conferees of House d Senate had not made public their decision, the intimation was that e majority favored the higher loan. This resulted in higher prices r cotton before grain trading started, and a good many people had ken their cue lately from the action of the Southern staple; but in dition to the factor just named, greater confidence was expressed at Washington action was likely to favor producers at a time when ges and other costs were rising. After a little hesitancy, wheat d corn prices went into new high ground for the season, with some provement in the volume of trade.

Redemptions were on a smaller scale than recently; therefore, ere was little hedging pressure. On the whole, crop news continued ry favorable. Weather had turned colder but no damaging reports re received, and it is thought that lower temperatures are probably re desirable during May for the best development of the crop.

After the close tonight, the Government Crop Reporting Board ill give its estimate on winter wheat yields; also, the condition of heat and rye, as well as abandonment. The wheat forecast will com- are with the average estimate of private experts of 643 million bu. he rye estimate was for a crop of 41 1/2 million bu. There will lso be a Canadian government report, indicating farmers' intentions o plant. A reduction of 20% from last year is likely, but with the remendous reserves from other seasons, there is still ample wheat or all purposes, and by 1942, Canada, as well as the United States, ight each have as large a reserve on hand as the whole world used to arry over in previous days.

Primaries were 838,000 bu vs. 608,000 bu last week, and ,064,000 bu last year. Kansas City and Minneapolis stocks so far his week show a total decrease of 375,000 bu.

With a generally bullish feeling in various commodities, there as little resistande to the advance in wheat, and many traders re- arded it as almost a certainty that the loan on the next crop would e 50% higher to the farmer than the previous one. At the last, May heat showed an advance of 1 5/8¢ per bu, while the July delivery was p 1 7/8¢.

Corn was very strong and gained more friends. The loan program s receiving more consideration, and is the basis for some of the new uying, but high prices for hogs and lard are also a factor, as feed- ng of corn should prove attractive on the present ratio.

UHLMANN GRAIN CO.

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DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 12, 1941

There were reports from Washington that additional controls over culation were being considered, and this had to do with the various mmodity markets in connection with the national defense effort. We ubt very much whether it would be applicable to wheat at a time en trade is at low ebb, and when the open interest in all contracts only 47 million bu. This also includes transactions between var- us delivery months, and is certainly a small open interest consider- g the large supplies on hand. Nevertheless, it shows how Washington thinking, and apparently conferences are to follow between members the Commodity Exchange Division and the various exchanges, although is hoped that hedging transactions will not be harmed. Those who ve been brought up in the grain business know that, in ordinary years, is impossible to take care of hedgers properly when there are in- fficient speculators. However, the government is operating on the ll side of the market in a rather large way through the loan pro- am, and has embarked upon a rather ambitious career in trying to terially advance the loan level at a time when large production is most assured.

Since the first of May, crop prospects have remained favorable western portions of the belt, although the crop is needing rain in ch of the Ohio Valley. However, taking the winter wheat as a whole, must recognize that the government forecasts a winter wheat crop about 653 million bu. This would be slightly less than was har- sted in 1937 and in 1938, but nevertheless, is more than was har- sted in twenty-five of the last thirty years. Also, the acreage andonment will probably be less than in any year since 1931, and e yield per seeded acre the highest since that year.

With this in mind, there has been no undue speculation on the nstructive side of the market, because nobody could have been en- rely certain that an 85% of parity loan would finally go through; d as a matter of fact, there is some hesitancy at the moment be- use the Department of Agriculture in Washington is quoted as feeling at the 75% loans might be ample. In fact, sentiment locally has elt for several days that, despite Senator Bankhead's assurance that e high loan would be adopted, it might take too much money to carry hrough such a program, and this has been the reason for some slowing p of trade, awaiting more definite action from the Capitol.

Little is heard these days of export sales, and yet, clearances f wheat and flour from North America and from the Argentine have ontinued in quite substantial volume during recent weeks. We are ot getting any exact figures on the quantity of grain that has been unk. Undoubtedly, it is fairly large. Total world shipments this eek were in excess of 12 million bu, compared with slightly less han 11 million bu last week, and only 7 1/2 million bu last year. his is exclusive of Australia, where censorship prevails.

Primary receipts were quite large at 1,329,000 bu vs. 808,000 u last week, and 998,000 bu last year. When the visible supply was osted, it showed a decrease of 482,000 bu; total stocks in all posi- ions are 18 million bu larger than a year ago. At Chicago, there as a slight shrinkage, leaving 8 3/4 million bu at this market.

Profit taking and sales by mills were the chief factors in to- ay's market. Trade was not large, and apparently, there were only a ew shorts to accept profits on the way down. New buying was also imited-- possibly traders were more eager to find out first something ore definite on the loan policy.

In former years, action at Canada played a rather important in- luence upon our market during the spring months, but for many ses- sions Winnipeg prices have been dormant on the established peg. In- dications point to a 25% acreage reduction in wheat, but this will be partially made up elsewhere; oats acreage increased 12%, barley 24%, and flax 40%. At the last our market showed very little recuperative power; May wheat closed 2 3/4¢ lower, while the July future declined 2 1/2¢.

Corn was fairly firm early in the session, but finally was in- fluenced by weakness in wheat, and also, lower prices for soybeans.

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CHICAGO May 13, 1941.

The most important European political development was that
e Nazi No. 3 man had parachuted from his plane over a West Scotland
rm last Saturday. Rudolf Hess has always been a Nazi party man,
ile Goering was an army man. Some believe that there had been dif-
rences of opinion between the two and that, therefore, Hess had
own from a small town near Munich in order to leave a clear path to
e others, but this is simply an interpretation.

The stock market was stronger on the belief that internal dis-
ders might be growing in Germany, but the matter had very little in-
uence upon grains. More important was the decision of the House
d Senate conferees to adopt an 85% of parity loans. From a par-
amentary angle, this is not considered regular, as the conferees
e not supposed to go further than the original intent of the Bill,
d some figure that the House may throw out that provision dealing
th the higher loan prices. In any event, the administration seems
posed to a loan higher than 75%; therefore, the matter has not been
finitely settled yet. When it comes to politics, nobody can be
rtain, and it must be noted that Congress has received 214 farm bills
the past four months, of which only one has become law: namely,
ce's Marketing Quota for Peanuts. However, we expect nervous mar-
ts until there is a satisfactory conclusion to the present dif-
rences.

There was very little in the grain news overnight. Crop pros-
ects are generally satisfactory, and this has been one of the few
easons where we have hardly had a crop scare. Apparently the fine
ins earlier have put the soil in excellent condition, and up to the
esent time, improvement rather than deterioration has occurred.
here may be rains in the Central States during the next twenty-four
ours, and these would be very welcome.

We are somewhat handicapped in trying to learn of crop develop-
ents in Europe, and Broomhall tells us that it is not easy to per-
orm his usual duties in that connection. He has made some general
nferences, however, from information that seems to leak out, and,
urprising as it may seem, even with the war continuing, there is
ore land under wheat cultivation than last year, particularly in
ountries like Belgium, Holland, Denmark, Norway, and Switzerland,
hich formerly imported a large tonnage of breadstuffs yearly, but
hich now have been severed from oversea sources of supply. Dealing
ith the Balkans, there is considerable confusion because of terri-
orial changes, and Broomhall refuses to express an opinion. In
umming up, he believes that, while European wheat acreage has cer-
ainly been expanded in many countries, it has been counterbalanced
y losses elsewhere. The general character of the season has been
nfavorable due to weather conditions, but regardless of the outcome,
e see little chance of imports by the invaded countries while the
lockade remains effective.

Primary receipts today were 915,000 bu versus 576,000 bu
ast week, and 1,447,000 bu last year. Kansas City and Minneapolis
tocks so far this week show a net decrease of 91,000 bu.

Most of the action today resulted from events in Washington.
s we understand it, the House is now considering the Farm Bill, but
hether the higher or the lower loan level will finally be adopted,
s still a matter of great speculation. Cotton was relatively stronger
than wheat, and at times afforded encouragement to bullish operators
hen our market weakened. At the last May wheat was up 2¢ per bu,
hile the July delivery advanced 1 3/4¢. Total redemptions from the
940 crop are 38 million bu.

Corn was firm right from the start; political angles had the
enter of attention. The volume of trade was slightly better yester-
ay, but still far from good.

Soybeans were active and considerably higher for all months.
hile there is no loan contemplated for this cereal, its advance
as in response to higher prices for oils, fats, etc.

UHLMANN GRAIN CO.

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CHICAGO May 14, 1941.

London naturally takes tremendous interest in Hess' dis- sures, since this No. 3 Nazi was the executive leader of the entire ty, and thus in control of its political machine. According to re- ts, he is talking freely, much to the disgust of the German High mand, and has asserted to official questioners that there has been a ak in the Nazi leadership, the first since the Nazi party purge 1934.

For many weeks now, European political events have had very tle influence upon grain prices. In that respect, however, it did differ much from other highly important news, such as crop reports, ther, etc., which has been thrown more or less into the discard ause of the tremendous attention that has been attached to legis- ive action at Washington. After our market closed yesterday, the use passed the 85% of parity loan in less than two hours with a rge majority. The Senate today followed suit, and it is felt that President will affix his signature, thus making the Farm Bill law. h the average loan price on the farms about 96¢, and assuming ap- ximately the same relationships at terminals, as last year, we may pect the price at Chicago to be about $1.14. Consequently, the pro- cer will obtain a farm loan 50% higher than the average 64¢ loan of t season.

There are no accurate figures on the AAA participation this ar, and while the enrollment supposedly ended May 1st, the deadline not being enforced as in previous seasons, due to the food-for- fense program. In Illinois, about 75% of the crop land of the State, about 68% of the farms, is said to have signed up, and possibly s same ratio prevails elsewhere. Thus, we can see how a tremendous ntity of wheat from the 1941 crop will finally be impounded, and, refore, a very artificial market will exist, especially if crop spects are maintained at this level. Cognizance must be taken, wever, of the fact that if wheat futures are around the dollar vel during the crop-moving period, many independent or non-complying rmers will undoubtedly sell their grain freely, and thus we may have ertain pressure, at least for a time.

With speculation already at low ebb, we are at a loss to under- and why Washington talks so much of curbing speculation in commodities ey surely cannot refer to wheat, in which, yesterday less than 15 llion bu was transacted in the pit, and there would be less reason suspect corn, in which the volume was under 2 1/2 million bu. Oats d rye together had a combined trade of 1 1/4 million bu, which cer- inly leaves those cereals out of the picture, but possibly the CEA referring to other commodities, such as cottonseed oil, soybeans, coa, pepper, rubber, etc., and it seems that Mr. Henderson has asked me of the exchanges to appoint committees to confer with him on ese matters. In other words, they are trying to prevent undesirable eculative activity, but certainly there has been no excessive specu- tion on the Chicago Board of Trade, and thus far, most of the ad- nces have been in sympathy with the artificial stimuli being imposed the loan.

Primary receipts were 918,000 bu versus 592,000 bu last week, d 691,000 bu last year. So far this week stocks at Kansas City in- eased 123,000 bu.

The overnight milling business improved to some extent due to rm legislation; considerable hedges were taken out of this market d also at Minneapolis. This, together with a broader speculative ying, carried prices to seasonal highs, with all wheat futures at above the dollar mark. There is more romance to wheat now than to me of the other commodities since the government has tacitly given s approval to a higher price level. Undoubtedly traders who had been terested in some of the commodities which are now under scrutiny, rned their attention to the leading cereal, with the result that the arby future at the last showed an advance of 4¢ per bu, while July eat was up 4 1/8¢.

Corn was naturally influenced by events in Washington and by e great strength in wheat. However, the CCC lowered its asking price r the spot article 1¢ per bu, making the basis 2 1/2¢ over July in e Chicago area. Corresponding reductions took place elsewhere, and is tempered to a slight degree bullish sentiment.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 15, 1941

This is ordinarily the time of year when declines rather than
nces in the wheat market are registered, and while we do not feel
calendar dates should be followed without regard to actual con-
ons prevailing at the time, we must admit that there is some rea-
for the experience which has been gained over a period of years.
re the new crop is available, many of the larger mills close down
et their plants in shape for the rush of business that follows.
hermore, as we approach the 1st of June, there is the fear that
sure from the new crop will be a factor, and naturally, some timid-
exists on part of the speculators, unless it is offset by crop
es. At the present time, everything is naturally different from
al years. First, we must consider that markets are bound to be
emely artificial, owing to the fact that both Senate and House
agreed to a mandatory loan, which will bring the producer 50%
than last year, and therefore, tremendous quantities are apt to
mpounded. When it is further considered that the government has
t 240 million bu of wheat from the 1940 crop, one can readily see
this, together with other federally-owned grain held by the In-
nce Corporation, would be sufficiently large to possibly create a
ual corner on supplies. In other words, if there is only about
million bu of free wheat in the carryover next July, and if the
er, as a result of higher loans, should sell very sparingly, we
t be faced with an actual shortage at a time when milling interests
narily accumulate heavy supplies for their current needs. This
gests that the government might have to take a hand in the matter
gradually place the accumulated supplies back on the free market,
the way it is doing in corn.

There has been a strenuous effort on part of Mr. Henderson and
associates to prevent an undue rise in many commodities, particu-
ly those needed in the defense program, and since many economists
of the opinion that inflation often occurs in spirals, a tremen-
s advance for agricultural products might have the effect of forc-
other articles higher. Therefore, we can see the possibility of
e concern on part of the administration, and it has already been
imed that the CEA would try to prevent undesirable speculation in
se commodities where sharp rises have occurred. While we do not
sider that grains fall in this category, we do appreciate that a
tain amount of caution may be required, with wheat futures around
dollar mark, particularly so as we are not far from an import
is on Canadian wheat, and might even be closer on the next crop, if
Canadian price will be as low as 70¢ a bu for new deliveries.
reis a large quantity of wheat already at Duluth and at Buffalo, on
ch duty might be paid unless some agreement is reached between
adian and United States governments, if the price disparity became
great. Therefore, we can see where sentiment might change if any
the above factors find fulfillment.

The Department of Agriculture recently increased the subsidy on
orts of flour to the Americas by 30¢ a barrel, and the higher
ces go, the more difficult it will be to sell our surpluses without
ater artificial stimuli. There was again a very large flour busi-
s as a result of the loan legislation; hedges were removed during
early part of the session, but general trade was considerably
aller than yesterday. Crop prospects remain good, although there
a few complaints of soil being too wet in Texas and Oklahoma.

Primary receipts continue good, at 930,000 bu compared with
,000 bu last week, and 980,000 bu last year. Kansas City and Minne-
olis stocks so far this week show a net decrease of 57,000 bu.

After new highs were made, liquidation set in. There is some
scouragement over reports from Washington that speculation may be
rbed, particularly at a time when trade is already at low ebb.
tal open contracts in wheat are only 44 million bu; almost the
allest on record. At the last May wheat showed a decline of 1 5/8¢
r bu, while the July future was off 1 3/8¢.

Corn was influenced by the thought that the government was an
xious seller of millions of bushels of grain that it had on hand.
th weakness in wheat, sympathetic declines in the yellow cereal took
ace. Beans broke sharply, with cottonseed oil weak.

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141 W. JACKSON BLVD.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 16, 1941.

There is certainly nothing in the statistical position of wheat warrant present prices. However, both House and Senate have seen to increase loan levels to farmers on a basis where the producer l receive about 50% more for his wheat than last season, and thus, are faced with a more politically distorted series of events than r before. Also, it is a fact that before long, the CCC may have to ide at what prices it will liquidate its impounded holdings; there- e, it is more difficult than ever to try to foretell future events. re are some officials at Washington worried about farm commodity ces, and some regard the new farm loan program as "inflation at its rst." However, there seems to be no way of getting around the gressional policy of permitting high loans on farm commodities, ch seem to boost not only prices but will also increase bank deposit s having the effect of doubling the inflation threat. The President imated that he would sign the Farm Bill; it has been known for e time that the administration was not in favor of this legislation, many regarded more favorably a program which would have provided subsidy payments rather thanthe one creating artificial price els.

Under these circumstances, the trade does not follow usual atistical data to the same degree as formerly, but has in mind that erever artificial stimuli were resorted to in various parts of the rld, the end was always the same when realities were faced. There- re, the steady accumulations in this country and in Canada can never completely forgotten. The United States has exported less than 25 llion bu of wheat in forty-five weeks, and consequently, there is a lance of 390 million bu for export and next carryover. In Canada, en with the field entirely to herself, clearances of wheat and flour e only 150 million bu, which is actually a smaller quantity than was ipped in the corresponding period a year earlier, and there still mains 570 million bu, with twelve weeks yet until the end of the ason. Possibly our northern neighbor will have a reserve stock next gust as large as the entire world used to carry over in previous days.

Since August 1, 1940, total world shipments to Europe are 104 llion bu smaller than a year ago, while ex-European countries have ken 9 million bu less. This is exclusive of Australia, but confirms e difficulty that importing countries are having while the British ockade remains effective.

Most of the crop reports were favorable. Furthermore, moisture d occurred over Nebraska, eastern Kansas, Iowa, and Illinois. In the uthwest, it was generally fair, and since Texas and Oklahoma want y weather, it is encouraging to note that the forecast is for just at, with moderate temperatures tonight and Saturday, and probably nday.

Primary receipts continue large, although some of the cars at rminal represent CCC wheat that is being shifted. Today's movement s 1,158,000 bu compared with 838,000 bu last week, and 1,265,000 bu st year. Kansas City and Minneapolis stocks so far this week show net increase of 31,000 bu. The visible supply on Monday may be close a stand-off; a year ago there was an increase of 276,000 bu.

The wheat market was firm during most of the session; trade s nervous, and with the political uncertainty the open interest de- ined again yesterday, with all open contracts amounting to only 1/2 million bu. This is near the record low, and suggests that ere is no wild speculation taking place. Final prices showed an vance of 1/4¢ per bu for the May future, while the July delivery was 1/8¢.

Corn was also firm, influenced by higher prices for beans, lard, d cottonseed oil. The government through various artificial measures s stimulated demand in this field; furthermore, it was a large buyer eggs again today. Under such circumstances, there is a certain ount of encouragement on the constructive side of the market.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 19, 1941.

Weather over the weekend was universally perfect; those who veled in the country were extremely optimistic on what they had n. Comments were particularly favorable from Kansas and ahoma, with the Secretary of the Kansas Grain Feed and Seed Dealers ociation estimating the wheat crop for that State at possibly 185 lion bu compared with the government figure of 166 million bu, and t year's production of 124 million bu. We were also told by our office at Enid, Oklahoma, that they had never seen anything to beat prospects of this season. Some were even forecasting that there ht be a large quantity of free wheat on the market, and, of course, re those farmers are not eligible for the loan, but could realize ewhere between 60 to 70¢ per bu, they may sell at least a portion their grain after harvest, particularly if storage facilities taxed.

With this type of news, it was not surprising, therefore, t our market should open slightly lower this morning, but yet there no particular pressure, even though carlot receipts were very h heavier in the Southwest. At Kansas City, for instance, 705 cars wheat were received, and this appears almost like a period when movement is on, but it may have resulted from shifting of stocks order to create space out in the country.

It was ten years ago today that the American Farm Board licated its opposition to a world pool plan for wheat. Since that e practically all of the large exporting countries have tried some t of artificial stimuli in order to bring relief to producers. In 31, the world wheat carryover amounted to 924 million bu. This was largest figure that had ever been attained up to that time, and pared with an average of about 542 million bu before that period. vever, in spite of all measures which have been since adopted, the ld last season carried over 1,400 million bu of wheat, and it looks y much as though this figure would be reached at the end of the sent season, or it may even be slightly larger. So even with the , which brings about added wastage, and even with the attempts to tail acreage by the payment of bounties, etc., there has been no manent solution up to this time. Whenever large crops were raised the past, speculators were needed to carry the load until consumption ught up with the demand. However, the speculator is not in particurly good repute, and recent warnings from Washington have emphasized at markets should be more of hedging than of speculative nature, which our opinion, is not the proper approach for the best interests of oducers. Vice President Wallace, when still Secretary of Agriculture, ated that narrow operating margins could not be maintained unless alers and merchants could be protected against even moderate price uctuations; and while he conceded that the loan program had had a abilizing influence on prices, he did admit that it had not removed e need for hedging on part of grain and cotton dealers.

It is too early to hear much about growing conditions in e Northwest, but April and May moisture is the most important factor; erefore, the following story on average rainfall from April 1st to y 15th, with comparisons, should be noted:

	1941		1940		1939	
Minnesota	4.08	in.	3.42	in.	1.98	inches
South Dakota	4.12	"	2.60	"	1.45	"
North Dakota	3.61	"	3.57	"	1.14	"
Montana	2.10	"	3.22	"	.99	"

The primary movement was large, at almost 2 million bu, comred with 1,329,000 bu last week, and 665,000 bu last year. The sible supply was almost a standoff; total stocks in all positions e 116,892,000 bu, which is nearly 18 million bu larger than a year o. At Chicago there was a shrinkage of 71,000 bu, leaving more than 1/2 million bu in this market.

(over)

At about mid-session, it was announced by Secretary Wickard that the President wanted basic crops to reach parity this year. The Chief Executive thought that farmers taking loans and receiving various parity payments, as well as conservation loans, would get parity on this year's crop. Mr. Wickard also intimated that the loan bill would receive presidential sanction, and this was responsible for the sharp upturn in all grains, wheat futures leading, and going into new high ground for the season. Best prices were not quite maintained, and at the last the May delivery showed an advance of 2¢ per bu, while the July future was up the same.

Corn was also fairly strong, and with the administration favoring better returns for agriculture, there was little opposition to the buying. Routine matters were forgotten, and the trade seems impressed with the fact that artificial stimuli are the main reasons for expecting a high price level.

UHLMANN GRAIN CO.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 20, 1941.

There are so many cross currents at the moment that it is not
y easy to base calculations upon usual factors which influence mar-
s. The carryover feeling from yesterday was more or less bullish,
Secretary Wickard had intimated that the President wanted parity
ces for basic commodities, and this led to the belief that the farm
n bill would probably have the presidential sanction within the next
days. Prices were higher when our market opened this morning, as
was considered likely that at his weekly press conference,
Roosevelt might say something about the agricultural bill. But
er on when he failed to mention anything on that subject, the trade
disappointed, and recessions set in, although volume of trade was
her small compared with previous sessions. It seems that speculators
becoming more cautious, particularly with Washington clamping down
certain speculative markets. Price Administrator Henderson summoned
alers in cocoa, pepper, coffee, and rubber, although none of these
mmodities are extensively raised by American farmers. It apparently
the purpose of the administration to prevent too-rapid price advances
m taking place. On the other hand, domestic commodities do not
pear to be in this category, with both Congress and Senate sanction-
an 85% of parity bill, which might mean that wheat prices at
cago could rise to $1.15 if sufficient quantities are finally im-
nded. Also it must be taken into account that no policy has yet
en decided with regard to the frozen wheat from the 1940 crop. As one
itor states: "Much of the prevailing confusion may be traced to the
t that government authorities are talking vehemently about restrain-
prices, and acting effectively to inflate them." The trouble seems
be that there is no recognition of the inter-reactions among prices,
, therefore, if agricultural prices are boosted, and if we continue
buy butter and eggs with those markets advancing, it is almost sure
react upon other commodities that are substituted; thus the upward
end continues in a rather vicious cycle.

There were pretty fair receipts again today, and it is dif-
ult to judge whether this all represents shifting of CCC stocks
m one market to another, or whether some of the free wheat is being
d now because of the fine crop prospects which exist almost from
end of the country to the other. However, with pressure in the pit
eedingly light, we must assume that the larger carlots at various
minals are the result of the fact that room is being made in the
ntry, and that grain is being shipped to market. This situation is
only true in the Southwest, but in the Northwest also, with
neapolis and Duluth today having 728 cars of wheat for the combined
rkets, compared with 283 cars last week, and 337 cars a year ago.
course, with the price around the dollar level, there are some
rmers who are perfectly willing to sell out their old supplies, and
presume also that farm loan wheat is being liquidated. Therefore, the
vernment may not have quite so large a supply on hand next July, as
now indicated.

Primary receipts were 1,563,000 bu versus 915,000 bu last week,
958,000 bu last year. Kansas City and Minneapolis stocks so far
s week show a net decrease of 39,000 bu.

The open interest in wheat declined again yesterday, and there
only a little more than 42 million bu of all contracts still open,
licating that both longs and shorts are staying close to shore. With
ather satisfactory, and a forecast of showers for the Southwest to-
ght and Wednesday, but no frosts likely, it was not easy to maintain
vances, and at the last May wheat showed a decline of 1/4¢ per bu,
ile the July future was off the same.

Corn was firm; many people feel friendly to this cereal be-
use of the constructive relationship to the hog market. Undoubtedly,
eding will take place on a large scale, although the tremendous hold-
gs of the government may prevent any great speculative enthusiasm,
least for the time being.

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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 21, 1941.

The trade fully expects that President Roosevelt will sign the bill covering farm loans, and has in mind that he has until midnight next Monday to act on the measure. However, there was no hint of his intention at his press conference yesterday, and in the meantime, trade is marking time, with the movement from the country somewhat better than it had been. There were fair amounts of farm loan wheat sold in the Northwest, probably being hedged either in Minneapolis or Chicago. May wheat at Kansas City was comparatively weak, selling nearly 11¢ under Chicago at one time, which is more than a shipping difference, and the nearby future in that market was almost at a carrying charge under July.

There is still one important item to be settled: namely, the disposition of the wheat on which the CCC has taken title when the farmers defaulted, and about the only intimation that we have had to-date was in a remark of Secretary Wickard's before a farm group, when he stated that if farm commodity prices would go too high above parity, the Department of Agriculture would take steps to bring them down by such means as selling accumulated supplies on the market. We have already seen that Washington is averse to having certain prices advance too rapidly, and there has been talk that butter would probably be taken off the list of surplus commodities now being given free to relief clients under the Food-Stamp Plan. In this way, consumption would be reduced. Since the administration is watching prices of individual articles so carefully, it naturally adds to the uncertainties. It is now expected that the President will confer with Mr. Henderson on price-fixing legislation; thus, there are greater restraints than have probably ever existed before.

On the whole, crop prospects in wheat are being maintained. The Robinson Elevator Report estimates the Kansas crop at 178 million bu, and since the season is pretty well advanced, this is very optimistic. The wheat plant is heading as far North as the Central Ohio Valley, and recent rains have been beneficial. In the spring wheat belt, conditions continue generally favorable, according to the government weekly crop report, with mostly good stands showing favorable stooling.

One of the main influences in today's market was the extreme strength in the soybean market; both May and July futures advanced in about the same proportion. Offerings from the country were only moderate, suggesting that farmers apparently have no large stocks on hand, otherwise, they would certainly be tempted to sell at this advanced level. In spite of the situation just mentioned, the wheat market was rather indifferent, although prices were firm.

The trade is apparently very cautious, and this is emphasized by the open interest, which is down to 41,307,000 bu for all contracts. This is the lowest point on record. However, with the large quantities of wheat in the visible that are frozen, it is easy to understand why the short side of the market should be small, but the only explanation for having so few longs is that speculators have been taking profits from time to time, and no large long lines were built up.

Primary receipts were fairly good, at 1,161,000 bu versus 918,000 bu last week, and 766,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 56,000 bu. The chances are that the visible supply next Monday will again be a standoff, or might even show a slight increase.

The wheat market seems a little more two-sided for the moment, although nobody is expecting very sharp breaks, with an artificially high loan for the coming season. The chances are that when the wheat is harvested and the movement is on, there may be a slightly better opportunity of making purchases than at present. At the last, May wheat showed an advance of 3/8¢ per bu; the July delivery was up 5/8¢.

Corn was rather strong; the B A E is optimistic that hog prices may do somewhat better, and in any event, the feeding ratio is profitable.

Rye was firm, and very little attention was paid to reports that duty had been paid on some of the recent Canadian rye unloaded in American elevators.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 22, 1941.

The agricultural countries of the world, which in the past ave depended largely upon export business, are all having their roubles, despite the war. While it is admitted that wheat supplies n this country are heavy, with a carryover reserve next July probably he largest in history, yet we do not have the serious concern that xists in those nations with smaller populations, such as Argentina nd Canada. Had it not been for the fact that we were able to furnish pace to store a fair quantity of Canadian wheat last season, conitions in Canada might have been even more acute. In the Argentine, here corn is usually the most important agricultural export product, hey had a carryover on April 1st, which was the largest in the history f that country. The government had supported the market all season y paying the farmer about 35¢ a bushel, and we now find that coniderable quantities are being burned. With little chance of shipping o Europe, the reserve stock has very little value. Even after alowance which is made for storage losses that were reported to be coniderable, the official estimate of the surplus available for export n April 26th was 475 million bu. Clearances are insignificant, and ave been very small all season; therefore, prospects for early imrovement are not at all bright. How this will all end is, of course, ifficult to say. Our own government, with its tremendous resources, s hopeful that it may continue artificial policies, at least for the ime being. Passing a loan on wheat 50% higher than the previous ear's loan is bound to bring about sizeable accumulations; yet, these re seldom mentioned.

It is not surprising, therefore, that speculation in wheat is t a minimum, despite the great confidence in what our government can o; all open contracts amount to only 40,797,000 bu, which is the owest for all time.

Generally speaking, crop prospects are well maintained, and hile conditions are not uniformly favorable in every part of the ountry, there is every likelihood that increases will again be made hen the government releases its estimate of production in June. Atractive prices at terminal markets are stimulating a wheat movement rom farms, and in the past whenever prices have been high and the rop outlook good, a large volume of old wheat has come forward. onditions are somewhat different this year, except that many farmers nd elevator operators may realize that storage space will be in rgent demand for the coming crop; therefore, plans are now under way n order to provide for a heavy movement of new grain later on. ormerly, a certain number of freight cars would temporarily be used or storage purposes, even though demurrage was expensive, but with our olling stock badly needed to haul other commodities for defense needs, his will be an unusual year. One of the spokesmen for the Agriculural Department pointed out that where 5,000 to 7,000 box cars were eased for temporary storage of grain in the past, this year only about ,150 cars may be available.

Little is heard about crop conditions in Canada, but in lberta, the long dry spell has been broken by fair to good rains, and eeding is about completed in this province, while in Saskatchewan it s about 75% finished, and 80% completed in Manitoba. Farmers' deiveries to country elevators still continue at a record rate for this ime of year, and it is largely a question of obtaining elevator space.

Primaries were again large at 1,413,000 bu versus 930,000 bu ast week, and 671,000 bu last year. Kansas City and Minneapolis tocks so far this week show a net increase of 71,000 bu.

The break in soybeans to an extreme of 8¢ per bu, precipitated eakness in other cereals. Apparently some of the longs in wheat were nsecure, and when the market broke stop-loss orders were uncovered, nd we had one of the sharpest declines in some time, although there ere good recoveries from the low point of the day, with July wheat losing 2 1/4¢ per bu lower, while the September delivery was down 3/8¢.

Corn held relatively firm considering the weakness in other ereals, but was none the less affected by a somewhat more bearish entiment which prevailed on the floor.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 23, 1941.

While ordinarily news makes the market, there are exceptional cases, where markets make the news. This was more or less true yesterday when sharp declines set in, and all traders asked each other what was going on. Some attributed the break in wheat to adverse foreign news in Crete; others simply regarded the sharp break in soybeans as somewhat of a danger signal, although actually beans have more relation to oil and fat prices than to other cereals. In any case, a good many people did some thinking, and while it has been taken for granted for some weeks that wheat prices would probably rule strong due to artificial stimuli, there was a little more interest yesterday in fundamental conditions. This carryover feeling caused nominal weakness when our market opened today, but it did not last long, as members of the Congressional Farm Bloc today disclosed that President Roosevelt had informed them that he would sign the Farm Bill, granting 85% parity loans to producers on basic commodities. There seems to be a compromise agreement to cut down the subsidy payments; and while the Senate had originally voted for an appropriation of $450 million, this may now be reduced to the original budget estimate of $212 million. According to the same source of information, Mr. Roosevelt is figuring that the loans will cost about $1 billion, that cash payments will amount to about $212 million, while the soil conservation program will require approximately $500 million.

The trade paid little attention to anything except the loan; and this is only natural, since we have had artificial markets ever since this new marketing device has come into play, because it has taken a considerable quantity of grain from normal channels, although in most cases it brought about greater accumulations than might otherwise have occurred.

In order to cope with mounting surpluses, the AAA has further decided that acreage curtailment will be enforced. The maximum reduction for 1942 will be demanded: namely, a cut from 62 million acres to 55 million acres --the reason being given as the loss of foreign trade.

With such factors at hand, we do not believe that the short side offers great opportunities, but the question that consumers and speculators must settle for themselves, is whether present levels may be maintained during the period of crop movement, when ordinarily hedges appear in fairly heavy volume. The trade was again very nervous, and while an immediate advance of 3¢ per bushel took place upon announcement that the President would go along with the farm program, there was also considerable profit-taking, with the result that sharp reactions followed.

Primaries were again large at 1,574,000 bu, vs. 1,158,000 bu last week, and 1,224,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 13,000 bu. The visible supply on Monday will be about a standoff; a year ago, it decreased nearly 4 million bu.

Trade was very nervous, with much of the news coming from Washington, although it is now regarded as highly likely that the President will sign the Loan Bill tomorrow, provided some of the present differences between the administration and congress on farm appropriations are ironed out. This being the case, we must be prepared to see artificial markets, although during the period of accumulations there may be considerable hedges coming into the market, as there are a fair number of non-compliance farmers who apparently are pretty well satisfied with present price levels. On this account, we feel that purchases on breaks are in order, with probably higher levels ultimately.

At the last July wheat showed a decline of 3/8¢ per bu; the September delivery was down 1/8¢.

Corn was quite steady, and a good many people are friendly to this cereal because of the relatively favorable feeding ratio.

Soybeans were strong at times but ended weaker. We feel that caution at these levels must be exercised, until more is known about the acreage that will be sown, and later on, crop developments.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 26, 1941

Over the week-end, there was a compromise between the Administration and Congress on farm policies. The President had withheld his signature from the loan bill until there had been some assurance that the Senate would reduce its demand for farm parities from $450 million to $212 million. This was done in order that the producers would not receive more than parity on basic products, taking into account all monies received, including soil conservation payments. Toward mid-session, we were informed that the President had signed the loan legislation bill, and we must, therefore, figure what 85% of parity payments will mean to the market as time goes on.

On basis of the last figures available, there is still 233 million bu of wheat frozen from the 1940 crop. If we assume that another 15 million bu may be freed which is now under the farm loan, the government would find itself in possession of 218 million bu of wheat, including farm-loan wheat, and for the present, at least, it is thought that these supplies will not be immediately disposed of. On basis of a carryover of 390 million bu on July 1, 1941, it would leave about 172 million bu of free wheat. At the present time, we can count on combined winter and spring wheat production next season of about 850 million bu. Of this quantity, possibly 175 million bu will be needed on the farms for seed, feed, wastage, etc., leaving 675 million bu to come forward, if all the wheat were sold. However, it is not fair to assume that more than about 40% of this quantity will come into the natural marketing channels, or about 270 million bu. Adding this to the carryover of free wheat, which we figure above might be about 172 million bu, would make a total of 442 million bu. This, in our opinion, is not sufficient for the ordinary food consumption of the nation, making no allowance whatsoever for small exports which might take place under a subsidy. Of course, this is only a very preliminary guess of what is likely to happen, but at least it shows that unless the government sells some of its accumulations, we might have a very tight situation as time goes on, and wheat might have to go to the loan levels, or above, in order to relieve tightness, which we think is apt to develop later in the season.

Meanwhile, there will be an after-harvest movement, and everything that we have related may be temporarily offset by intermediate events. The trade realizes this fully, and this is the reason why present market prices are considerably beneath loan levels. First prices today were somewhat lower because of the disappointing war news from Crete; also, there is a widespread shifting of government-owned wheat, in an effort to make space for new supplies when they become available.

It is, therefore, difficult to gauge what is taking place in the Southwestern markets. Kansas City wheat receipts, for instance, amounted to 777 cars, compared with only 67 cars last year, but doubtless, a great proportion comprises the CCC holdings that are being transferred. However, interior markets, like Amarillo, Hutchinson, Wichita, Salina, Fort Worth, and Enid, had a total of 315 cars, compared with only 149 last year; thus, it may be that the country is selling more heavily because of the fine crop prospects. The primary movement was the largest in sometime, receipts exceeding 2 1/2 million bu vs. 1,193,000 bu last week, and only 680,000 bu last year. The visible supply increased nearly 2 million bu, as against a 4 million bu decrease same period in 1940. In Chicago, local stocks increased 53,000 bu, with 8 3/4 million bu at this point.

The market had been bulled so frequently on loan legislation that the President's signature had probably been discounted, but after such advices were given out, profit-taking and lower prices resulted. However, there was no great weakness, but volume of trade was somewhat lighter than previously, with another uncertainty removed. At the last, July wheat showed a decline of 3/4¢ a bu, while the September delivery was down 5/8¢.

Corn was really the feature of the day. It ruled firm right from the start, and advanced. There were some complaints of dry weather in Iowa, but fundamentally, the feeding ratio is healthy, and it is now assured that the loans apply to corn, which may finally tie up large quantities unless prices advance.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 27, 1941.

The grain trade today was discussing two most important topics: one was the President's radio address,-- not only of intense interest to every American, but to the entire world. We understand that by short wave radio it will be disseminated in fifteen languages to foreign countries. The other item was the sinking of the battleship Bismarck, the pride of the German navy; therefore, there seemed to be less talk about actual grain conditions.

Nevertheless, the signing of the parity bill yesterday was still in the minds of traders, although it is now felt that it may require many months before the full effect of this legislation will be felt. There is more speculation as to what the CCC will do with the accumulated supplies from the 1940 wheat crop, and while doubtless every effort will be made to prevent dumping, it is assumed that the President does not want the farmers to receive more than parity, taking into account the monies that are received from the loan, plus subsidy and soil conservation payments. It will take considerable time before the government completes its task of bookkeeping, particularly as farm loans are still being redeemed, and, therefore, we shall not know until possibly July 1st how large a quantity of frozen wheat actually is remaining in federal hands.

There is also a little concern as to the referendum vote over the week-end, although, generally speaking, it is conceded that affirmative action is expected. Should there be any disappointment, however, in this direction, it would naturally be extremely upsetting to all domestic markets, which had been geared to the artificial prospect of a high loan. This may have been responsible for some nervousness today, with slightly lower values; at least, there has been some hesitancy, although it may also have been due to the freer selling of old supplies at present prices, plus the knowledge that with the fine crop prospects, some hedging sales must be absorbed when the next harvest is available. It is too early yet to have definite opinions as to the size of the 1941 winter wheat crop. However, Kansas conditions are ideal for the most part, and many fields might yield as high as 30 to 40 bu to the acre, so that further increases are possible unless adverse weather sets in.

In peacetime, England normally imports about 125 million bu of corn per year, about 50 million bu of barley, and 10 million bu of oats. In other words, the total bushelage of these grains would feed about 10 million animal units, as every unit consumes about 18 bu per annum. However, with the present shortage of ocean vessels, there is no chance of accomplishing anything like this, and we have noticed in the past weeks that the Argentine has placed practically no corn afloat, while clearances from our country have been very limited. Besides this, Britain imports good quantities of oil seeds, which produce a large amount of feed, and while there are no figures available on this, we must also presume that present imports have been greatly retarded. All this fits in well with the government's program to supply concentrated foods to England. Canada undoubtedly is raising more livestock for shipment abroad, and Argentine is also supplying a little more beef, but the big burden will rest upon the United States to make up the major part of the British deficiency.

Primary receipts today were good, and amounted to 1 1/2 million bu, or about the same as last week; this compared with 897,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 193,000 bu.

While markets were lower at times, there was no distinct weakness; in fact, fair recoveries took place, with the July futures finally showing a decline of 5/8¢ per bu, compared with yesterday; the September delivery was off 1/4¢.

Carrying charges have a widening tendency, and we believe that storage space will all be wanted when the crop movement starts.

Corn was rather firm. There seems to be a disposition to play the constructive side of this cereal on the basis of feeding values, which are advantageous to farmers, and we note that some of the soybean trade has recently drifted into corn.

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DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 28, 1941.

The President's radio address was widely discussed. It had been well received, as the majority of people welcomed the pledge that we would use our armed might to keep Hitlerism out of the West. Probably more people listened to this address than to any other speech ever made; yet, it had very little influence upon grain prices, and rightly so, as we have very special conditions surrounding the market.

According to the Bureau of Agricultural Economics, our carryover next month will amount to about 395 million bu. On the basis of total supplies, including the next crop, we shall have to contend with about 1,250 million bu, while prospects for our domestic disappearance during the coming season will be about 650 million bu; therefore, the quantity available for export, shipments, and following carryover would be about 600 million bu. With this in mind, the Secretary of Agriculture has already announced that the national wheat acreage allotment for 1942 is to be 55 million acres. This is a reduction of approximately 7 million acres under the 1941 allotment, and is the minimum allowed by law. The Secretary reported that such action was necessary to aid farmers in meeting the problems of export market losses and mounting surpluses. We are listing below some figures compiled by Sanford Evans of Winnipeg, showing the area sown during the past eight years: (000 omitted)

	1941	1940	1939	1938	1937	1936	1935	1934
Winter	46,271	43,820	46,464	56,539	57,656	49,765	47,064	44,585
Spring*	17,137	18,547	17,052	23,026	23,416	23,959	22,143	18,977
TOTAL	63,408	62,367	63,516	79,565	81,072	73,724	69,207	63,562

* Farmers' intentions to plant.

The trade no doubt is a little concerned over the referendum vote that will be held next Saturday. Indications point to an overwhelming acceptance, but should the quota by any chance be disapproved in the referendum, or in other words, should more than one-third of the producers voting oppose the quota, then all farmers could market their entire production without penalty, but no government loans would be available on the 1941 wheat crop. We should imagine that until this last hurdle has been passed, the trade may continue somewhat nervous.

For the next several weeks, we shall also be faced with a prospect of new hedges that are bound to come to this market. Present prices are sufficiently high to appeal to non-compliance farmers, and a fair volume of free wheat will undoubtedly be sold. Even a greater amount will be moved into commercial storage facilities, and according to a survey made by the government, there will be ample room in a general way for both carryover and the new crop, if cooperation is had with all parties concerned, although they admit there may be difficulties in storage and transportation in certain areas.

Ordinarily, at this season of the year markets are concerned with crop developments in Europe. However, there are very few complete or official estimates, owing to the war. However, trade reports indicate that twelve countries in Europe show winter wheat seedings 102.8% over last year, and eleven countries show the winter rye seedings 103.8% over last year. This is quite different from the last war, and while conditions surrounding the crop are not altogether good, with some suffering because of cool weather and insufficient sunshine, winter wheat is claimed to be in mostly satisfactory shape, although spring wheat is backward.

Primaries were slightly smaller at 1,178,000 bu, which is practically the same as last week, but compared with 398,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 215,000 bu.

Trade in wheat was rather moderate. Some of the uncertainties will gradually be cleared up, but meanwhile indifferent markets are likely. At the last, July wheat was 5/8¢ per bu lower, while the September delivery declined 3/4¢.

Corn was a shade off, but there was no important feature. Oats were strong; there was buying by a prominent commission house. While most of the western half of the country has been unusually well supplied with moisture during the current year, this is not true of eastern sections. Sub-normal rainfall east of the Mississippi River since last November has brought complaints of drought to a number of States in the eastern third of the country.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO May 29, 1941

Those who trade in grain must be on their guard continually to atch the various measures adopted in Washington, and to this extent, here are greater uncertainties than ever before. This morning it as learned that by Presidential proclamation Canadian wheat imports ere practically prohibited for a period of twelve months, and this ction was apparently taken as a precautionary measure to prevent oreign wheat from being imported into this country. To be entirely air, one must admit that there had been discussions previously as to he likelihood of such action, as obviously, the threat of imports was lways upon us on the theory that the loan price in Chicago might be round $1.15, and thus, Canadian wheat for the new crop at around the 0¢ level, could find its way into this country unless action of some ind were taken. Nevertheless, with our good neighbor policy, nobody ould have been sure, and we presume that the State Department also as this in mind, as an international conference will be called soon o consider the wheat surplus problem. We have mentioned Canada most-y in this connection, although the prohibition extends to other coun-ries, also, but with ocean freights so high, South American imports ere really never much of a menace.

It now seems that the House and Senate conferees have agreed to ut the farm parity fund from $450 million to $212 million, and this esulted from President Roosevelt's request that the total benefit ayments to the farmers should not exceed an amount that would return o the producer full parity of his purchasing power.

When our market opened this morning, prices were somewhat lower. here is still a good deal of caution, pending the referendum on uotas, and a good many traders feel that, while an affirmative vote s very likely, the market rise following such action might not be ex-remely important, yet the reverse could easily have a very depress-ng influence. Consequently, there is some inclination to reduce com-itments during this period. The chances are that sufficient supplies ill be impounded from the new crop to give us very artificial markets ater on, but for a period of a month or six weeks, we are very likely o have pressure from the sale of old-crop supplies, as well as from he after-harvest movement.

There is still about 40 million bu of wheat under the farm loan. he first notes start to mature about June 1st, and at present prices, e assume that a fair proportion will be redeemed through normal mark-eting channels. At the peak of accumulations, farm-stored loans were lose to the 50-million-bu mark, but only a small percentage has been edeemed to date. It is interesting to note that, of the total, loan edemptions have amounted to 51 million bu, and deducting this from he 278 million bu frozen at the high point, there is still about 227 illion bu of wheat under federal control. However, we expect that his figure will be gradually reduced, as farm-stored loans are iminished.

Primary receipts were 1,700,000 bu compared with 1,413,000 bu ast week, and a holiday last year. Kansas City and Minneapolis tocks so far this week show a total increase of 140,000 bu.

At a meeting recently held in Oklahoma, various dealers es-imated the yield for that State at 66 million bu, which is certainly an enormous crop, and with the fine prospects that also prevail in ansas, there is some question as to whether storage space would be ufficient under the rush of a movement. This created a bearish feel-ing, with some liquidation.

July wheat closed 2¢ a bu lower, while the September delivery eclined 2 1/8¢.

Corn was also under pressure, influenced by the action of the eading cereal. Trade was moderate but support only came after there ad been fairly good declines.

Beans were also lower, with the general list. The latter com-modity has lost some of its supporters during recent sessions.

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FORT WORTH GRAIN AND COTTON EX.

June 2, 1941

The surrender of Crete with heavy losses was admitted by London, although 15,000 were saved through evacuation to Egypt. While disappointing, this is only a small phase of a large struggle for supremacy in the Middle East and beyond. It still remains a fact that the first two months of Spring have already passed, and yet, there have been no vicious attempts against Britain in an effort to weaken her resistance either physically or morally. Meanwhile, with only moderate aerial attacks during the past few weeks, she has had a breathing spell, with opportunity to complete her defenses and to carry on war production.

The trade this morning paid very little attention to the European news; rather, it regarded as somewhat bullish the outcome of the vote on marketing quotas, for which producers cast their ballot 4 to 1 on the affirmative side. This does not in any way effect compliance farmers, who are permitted to market whatever they have raised on their alloted acreage, but will limit the independent producers, who heretofore had been able to sell or feed whatever they had raised. It makes certain that the loan legislation recently enacted into law will be effective, and suggests that prices later on may approach, or possibly exceed, the loan level, as was the case in previous years. This has happened, also, in some of the other commodities in which similar conditions prevailed. There would, of course, be one exception: namely, if the crop turned out so well that large quantities would be marketed; but even then we doubt whether anything of that kind could happen, unless accumulations from the 1940 crop would also be sold. Therefore, sentiment rather veered to the bull side of the market, with the reservation that more conservative people are waiting to see what may happen to price trends during the period of crop movement. With this in mind, we had a rather dull market during most of the session, although there was never any weakness; nor did the heavy receipts in the Southwest contribute much by way of hedging pressure.

Statistically, there is little change from figures that we have given previously. Canada has now shipped 165 1/2 million bu of wheat and flour since her crop season started, compared with 164 million bu last season, but there is still a tremendous carryover reserve on hand-- 554 million bu, which exceeds the large quantity carried in 1940 by 217 million bu. There are still ten weeks until the next crop will be available. In our country, we have cleared about 27 million bu of wheat and flour during forty-seven weeks. Therefore, little can happen during the remaining five weeks of the season to make this one of our smallest export years, particularly considering the large crops that were raised.

Tomorrow, private experts will give us their views on the next harvest. With fine moisture over most of the belt, there has been considerable improvement, and the Santa Fe report today estimated Kansas at 175 million bu, which is about 10 million bu more than the last official figure. Oklahoma is expected to produce 65 million bu--also a slight increase.

Primaries were fairly substantial at 2,113,000 bu versus 2,595,000 bu last week, and 400,000 bu last year. The visible supply showed an increase of 612,000 bu, with total stocks amounting to 119 1/2 million bu; this is 25 million bu more than was on hand a year ago. Chicago stocks showed a decrease of 152,000 bu, with 8 1/2 million bu at this market.

There was some slight improvement in the flour demand, and hedges were taken out of our pit, as well as at Minneapolis. We also understand that a good-sized government flour order had been put through in the Northwest, and this, together with a better psychology, caused the market to close higher, July wheat advancing 1 3/4¢ per bu, while the September delivery was up 1 5/8¢.

Corn was easy at times influenced by the fine rains over most of the belt, and the prospect for more. However, it was difficult for this cereal to ignore the strength in wheat, and finally prices rallied, closing very little changed from the previous session.

Beans were also weaker at the start, but turned strong despite the improvement in weather.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 3, 1941.

As had been expected, considerable improvement in crop prospects occurred during May, and when the private experts this morning gave their views, they estimated on an average a winter wheat crop of 680 million bu and a spring wheat crop of 201 million bu, or total production of 881 million bu. If we add to this the probable carryover of 395 million bu, we shall start the next season with total supplies of 1,276 million bu. The government figures that domestic disappearance next season will amount to only 650 million bu. This reduction from previous figures undoubtedly is due to smaller feeding requirements, and also, to a lesser amount needed for seeding, as acreage will be cut about 7 million acres. Therefore, we shall have a surplus of approximately 626 million bu. If we figure exports liberally at 40 million bu, including some wheat that may be given for relief purposes, it would finally leave us, on July 1, 1942, with a reserve stock of 586 million bu, or nearly 200 million bu more than at present. This would be the largest carryover stock we have ever had.

In view of this situation, it may be somewhat surprising that prices ruled firm today, but actually, it is artificial rather than statistical news that is making our markets. With generally rising costs, parity prices have also increased, and in the middle of May, wheat parity was practically $1.15. Taking 85% of this price, which is the loan figure adopted by federal statute, we find that wheat on the farm is almost 98¢ on a loan basis. The word "loan" is a carryover expression, and really indicates more, as the farmers, if the price is lower, may default to the government if they comply with the various sections of farm legislation, and they are not in any way penalized. This, in our opinion, will result in a terrific impounding, with the government probably winding up with ownership of a good deal of wheat in another year, at a price considerably higher than at present. We do not know yet what the loan price will be at various terminal markets, but assuming that the differential between the farm price and the Chicago price is 17¢, as was the case last year, it would make the loan price here approximately $1.15, which is considerably higher than current futures are trading. Whether we shall have much pressure after harvest remains to be seen, but in any case, it is considered likely that millers, bakers and consumers generally will avail themselves of the opportunity to fill their needs before actual tightness sets in.

There is nothing much new in Canada. Wheat is coming from the farms as quickly as space is available, and the visible supply this week increased about 3 million bu, with total stocks in all position 467 million bu, or 186 million bu more than was on hand same date last year. Overseas shipments of Canadian wheat were just under 5 million bu this week, and, therefore, they are also faced with a tremendous carryover, but also, a much smaller acreage is in prospect.

Primary receipts were somewhat smaller, but not too bad for a Tuesday, amounting to 1,270,000 bu compared with 1,499,000 bu last week, and 754,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 41,000 bu.

Markets were strong almost from start to finish on the prospect of artificial action because of the high loan. July wheat was in particularly good demand, and apparently hedges were taken out of the pit against flour business; also hedgers may have gone over to the more deferred months. Some believe that carrying charges may narrow further if the cash situation tightens, with many farmers taking advantage of the loan instead of marketing their grain. At the last July wheat showed an advance of 1 7/8¢ per bu, while the September moved up 1 1/2¢.

Corn paid little attention to the wonderful rains over the belt, great strength in wheat was a factor.

In beans there was weakness in the July delivery, but new-crop months were strong. Recent rains should undoubtedly get the crop off to a good start.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 4, 1941.

Probably the first time in many years we have seen comment that too much rain had fallen in many localities throughout Kansas, and considering that that State is semi-arid, particularly in the western third, this is a most unusual circumstance. It does not alarm us very much, because while a few sections may have suffered, large areas have had a chance to recoup from dust storms of past years; and wheat is a plant that cannot be raised when drought exists. Therefore, most reports are still quite favorable, looking forward to large yields.

The trade is not paying the usual attention this season to crop information or to statistics. If it were, prices would undoubtedly be a good deal lower than they are at present. It is now almost a foregone conclusion that with a 97¢, or possibly 98¢ farm loan, the farmer will be able to borrow $1.15 at Chicago, or a corresponding amount in other markets if he complies with the various governmental regulations; thus there will be a huge quantity again impounded. The bakers are apparently aware of this situation, and during the past few days there has been an expanded business, with chain bakers, as well as some of the large eastern bakeries coming into the market, thus requiring the removal of hedges from here and other domestic markets. Some believe that upwards of 500,000 barrels were purchased in recent days for shipment as far as four months ahead. As one of the trade papers points out --both bakers and family flour buyers generally understand that they face a year of high prices as a result of the artificial loan rate, and other governmental price-bolstering factors. Of course, there is some hesitancy because of the large carryover, and the fact that no wheat has moved yet from the new crop, except an odd car here and there. In any event, the market is quite nervous, as nobody knows exactly how to discount facts with conditions so abnormal.

There has been some tendency toward a narrowing in the carry-charge, as a good many July hedges have been removed against the flour business, but it is too early to come to any definite conclusions. We figure that with a winter wheat crop of 680 million bu that all the wheat will not remain on the farms; and certainly there are a good many independent farmers who will undoubtedly be tempted to market their grain at this level. Therefore, the picture may look quite different a month from now.

Primary receipts were somewhat lighter today at 999,000 bu versus 1,178,000 bu last week, and 333,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 203,000 bu.

At times the market was very strong, and sentiment generally is quite bullish now, although few people can determine for themselves when the best buying opportunities may arrive. With present price 15 to 16¢ under the loan level, one naturally wonders whether the first run of wheat will be burdensome, or whether consumers will be able to absorb the free wheat in sufficient volume to cushion the market without much further break. Everything is so confused, particularly with regard to the white tickets which farmers must show before marketing their wheat, that there may be some delay after harvest. These are all questions for which there has been no precedent, and experienced grain men are finding that past knowledge does not come in good stead under these artificial circumstances. At the last July wheat, having reacted from the early bulge, closed 1/8¢ per bu lower, and the September future was down 1/4¢.

Corn was a little higher during the early part of the session, but also reacted when wheat prices lost ground.

Beans were weak and seemed to be somewhat neglected. At the moment crop prospects are about all that can be expected.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 5, 1941.

It takes great courage in normal years to buy wheat on the eve of a harvest unless the prospects for the crop are so poor that hedging pressure is not expected to be much of a factor. However, everything is quite different in these days, with the various artificial stimuli, and when it is even a question whether there may be an early run of wheat. As we understand the marketing regulation in practice, a non-compliance farmer may not obtain his white marketing card necessary to sell his wheat until all of it is harvested, and he then has several alternatives; either he turns over to the County Committee a warehouse receipt for his excess production, or else he gives a bond for the excess wheat stored on the farm; thirdly, he may turn over his excess grain to the Secretary of Agriculture, or lastly, he may pay a penalty on the excess wheat that was grown. In our opinion, this may take time and entail considerable redtape, where formerly the producers raised their crops and simply marketed them.

This has caused some apprehension as to what might occur in July wheat, and we observe that the open interest yesterday went down nearly one million bu, but it may also have been due to the fact that a better flour business required the removal of hedges from the pit. In any event, speculation is still at low ebb, and we find that the total open contracts amount to only 39 million bu.

There was some talk today that rains in the Southwest might have been excessive. One or two areas claimed the presence of black rust, but admitted that future weather would determine if any damage might be sustained. In any case, trade was rather quiet today, and most people figure that there is no great hurry to make purchases, particularly as some free wheat is bound to come out at these prices, and thus, there can be no runaway market.

The domestic situation continues to be all important; therefore, little attention is paid to crop and weather news from foreign countries. It is a fact, however, that Australia has been persistently dry for the past two months, and this has interfered with seeding. Much of it was accomplished under unsatisfactory conditions. In the Argentine, weather has not improved after heavy rains, but the government continues to advise producers to reduce wheat acreage, although according to private observers the reduction, if any, will be insignificant.

Our crop-year is shortly drawing to a close. Less than 28 million bu of wheat and flour was exported, and, therefore, the clearances for the entire season will probably be in the neighborhood of 30 million bu. Should the war last, we cannot imagine that next season will be more promising, particularly as Canada has such large supplies still on hand. With nine weeks to their next harvest, there is still 548 million bu of wheat and flour on hand, or 215 million bu more than a year ago. Consequently, even with a smaller acreage, they are bound to have ample supplies for all purposes.

Restrictions are observed everywhere in Europe. Even in Rumania, which is normally an export country, ration cards are used for meats, bread, flour, etc., and the bread must now contain 45% corn meal.

Primary receipts were 1,196,000 bu versus 1,700,000 bu last week, and 417,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 537,000 bu.

There was no great feature, although the milling demand slackened after yesterday's improved milling business, and this, together with the fine crop prospects, discouraged some traders, who apparently liquidated long commitments. Recent rains in the Northwest have brought wonderful reports from the spring wheat territories. At the last July wheat showed a decline of 3/8¢ per bu, while September wheat was off 1/4¢.

Corn was easier. Moisture over the belt has been of tremendous help, and without much buying, prices slumped, particularly with one of the sharpest breaks in soybeans that we have had in recent sessions. Beans were apparently top-heavy, and selling orders found buyers only at concessions.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 6, 1941.

We have examined price trends in fourteen commodities since the first of the year, and find that all of them at the end of May have advanced, but by no means have they all gone up in the same proportion. Wheat, for instance, which was in a weak statistical position, has risen about only 10%, while cottonseed oil has advanced 89.7%; corn is 15.5% higher, while cotton is up 30.7%. So it shows that statistics and other artificial influences must be carefully watched, even during a period of generally higher commodity prices; and this is something we have always claimed, because even during an inflation period, there may be some articles that run contrary to the general trend.

When our market opened this morning, prices were rather firm, and additional moisture had been reported in many parts of the Southwest, with the weather map suggesting that there might be a continuation of rain for the next twenty-four hours on top of excessive precipitation in certain districts. As a result, there has been some comment of deterioration and the presence of black rust, although nobody regards the picture as very serious up to this time. It is very seldom that too much moisture visits the winter wheat belt, although we admit that there is a situation now that bears close watching during the next week or ten days.

At about mid-session, there was an important announcement from Washington, indicating that the farm loan rate would be set at an average of 98¢ a bu. This was about in line with expectations, as parity prices have been advancing during recent weeks; but more important was the computation for various terminal markets, which had been awaited with much anxiety. In Chicago, for example, the loan price has now been definitely set at $1.15 a bu. The same price will prevail at Minneapolis, St. Paul, and Duluth, while in Kansas City farmers will be able to borrow $1.10. Should there be some wheat that is not on farms but at sub-terminals or country stations, the loan rate will be figured on basis of the nearest and most accessible market, less transportation and other handling charges, according to an announcement by Department officials. Immediately after this news was disseminated, there was an advance, with September wheat touching the dollar mark, but yet, there is nothing particularly new in the picture, and most traders are of the opinion that it may require considerable time before the full effect of this artificial legislation will be felt. In other words, should there be some wet or off-grade wheat as a result of recent moisture, it may mean a larger quantity of grain coming into the open market, and buyers must be found for this. Also, there are a good number of non-compliance farmers, who consider the price satisfactory, and their selling may have a certain effect when these hedges are placed, unless there is an equal amount of speculative or consumptive absorption. As we understand the Agricultural Adjustment Act, a non-compliance farmer, in the case of wheat, may dispose of his surplus by applying it against the premium to the Federal Crop Insurance Corporation. So in this way, small quantities may be used up without paying the heavy penalty.

Primaries were lighter today at 887,000 bu; a week ago there was a holiday; last year they amounted to 535,000 bu. Kansas City stocks so far this week decreased 1,315,000 bu, but we believe this is largely government grain being moved to other markets in order to make room for the new crop.

Prices were somewhat higher, because it is generally felt that sometime during the season, values will approach the loan level of $1.15 at Chicago. However, there may be periods during the crop movement when better buying opportunities may be afforded. At the last, July wheat showed an advance of 1 1/2¢ per bu, while the September delivery was up 1 3/8¢.

Corn was also fairly firm; the government continues to buy lard, and with hogs at present levels, the feeding ratio is satisfactory.

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CHICAGO June 9, 1941.

According to the U. S. Department of Agriculture, winter wheat prospects were not changed materially during the week. It was stated that rain continued to retard maturity and delay harvesting in the Southwest, while the drought had ripened the grain on short straw in southern portions of the belt east of the Mississippi. In general they claim that the outlook remained favorable. In the meantime, there were tremendous rains in parts of the Southwest, with Oklahoma and Kansas reporting as much as four to five inches over many districts. In other words, practically cloudbursts in some sections, and this was regarded as somewhat bullish; therefore, it was no surprise to see our market open with advances of 1 to 1 1/2¢ a bu. The earliest sections probably have a reason for complaint, and there will undoubtedly be some damage to quality, if not to quantity, but, fortunately, the crop was so promising that some setback will not be calamity this year. It is also bound to give us a larger percentage of wet wheat that may have to be treated, and consequenly, we should not be at all surprised to see the elevators very busy, and possibly some of the wheat which might otherwise have gone into the loan will be sold rather than to take a chance of deterioration if it were kept back on the farm. A friend of ours who had made an extensive trip through Kansas, Texas, and Oklahoma was still very optimistic over the prospects for Kansas. Therefore, if clearing skies drive out the rain within the next few days, and if we get sufficient sunshine, the whole picture might look different within the next few weeks.

Meanwhile, we have heard very little about rust, but nobody can disregard the menace of this disease entirely. There is undoubtedly some stem rust, but even the government claims no damage in western Oklahoma, where it was found; nor do they figure it is important at present in the Texas Panhandle. In the Enid area, there are some fields heavily invested, but on the whole there seems to be no reason for much alarm.

As a partial offset to the adverse weather was a rather unexpected announcement by the government on its corn policy. Apparently, there is a greater desire to liquidate corn stocks held by the CCC, including the accumulations at terminals, sub-terminals, and in the steel bins. It is all wound up with the defense program, in order to insure sufficient livestock, dairy and poultry products for domestic consumers, as well as for aid to Britain. These government holdings will be offered for sale into consumptive channels at the Chicago basic price for No. 2 yellow corn at between 69 and 75¢. There is a total of about 210 million bu available, but in addition, producers hold in farm storage under government loans 300 million bu that has been tied up during the past three years, and which may be redeemed at 61 to 65¢. The trade felt that this placed a ceiling over the market, and some selling of futures took place.

Primary receipts were moderate at 1,361,000 bu versus 2,113,000 bu last week, and only 409,000 bu last year. Apparently the wheat shipped out of Kansas City must have largely shown up at other destinations. Total stocks in all positions are practically 120 million bu, which is 29 million bu more than at the same date a year ago. At Chicago there was little change --local stocks are slightly in excess of 8 1/2 million bu.

The market seemed to display most of its strength at the opening and shortly thereafter; there was some profit-taking, but on the whole trade was light. This, however, is not new, and total open contracts amount to only 38 million bu, which is the smallest quantity of record. At the last July wheat showed an advance of 1 1/4¢ per bu compared with Saturday; September wheat was up the same. Much will now depend upon weather in the Southwest, at least for the immediate trend.

Corn, influenced by government's decision to reduce holdings, was under some pressure, but everything was orderly, and declines proceeded as longs in some cases evened their commitments.

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DAILY MARKET LETTER

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CHICAGO June 10, 1941.

Today's session was typical of those just prior to the publication of a government report. Trade was extremely light, and nobody knows for sure whether the estimate of the winter wheat crop will take into account the torrential rains in the Southwest through the government's method of correlation, or whether they will simply ignore the possible loss which was sustained to the crop, and issue a figure to show how the prospect actually was when their data was originally compiled. In any event, it always looks darkest just before dawn; and we are reminded of a conversation between two farmers who were arguing whether or not it would ever stop raining; the one who guessed that it would finally won out, and his conclusion was based on the fact that the rains had always stopped in the past. One can hear almost anything about crops at this writing for the reason that the tornadoes in Kansas and Oklahoma were destructive to both life and to property, and very likely some wheat has lodged, but on the other hand a few days of sunshine could make the outlook considerably brighter.

When the map was posted this morning, it suggested that in the southwestern sections, clearing conditions might set in. This was the reason for some profit-taking and lower prices, but the volume of trade was rather small.

Nobody seems to have courage yet to sell the market short, even on the advance, but there is a rather peculiar psychology in the grain trade, as it is no longer a question of supply and demand on the entire quantity of wheat grown, but rather supply and demand as it relates to free supplies. On this score, nobody can be sure how much grain will be marketed right after harvest, except that the excessive rains may cause a larger amount of wet or tough wheat to be sold than would otherwise have been the case. In other words, the farmer may be confronted with a situation where he might not want to store large supplies on the farm, and it would not surprise us to see a heavier proportion of wheat sold in order to lessen the risk of carrying grain which might not stay in condition for a prolonged period. The fact that prospects were so extremely bright, simply means that we shall have a somewhat smaller crop, but nothing that we can foresee now to create a serious situation. Furthermore, with nearly 400 million bu of wheat from previous crops, and with little export trade, it does not take so much to make up the difference between what is now on hand, and what will be needed for domestic consumption during the coming season.

One hardly pays any attention to Canadian statistics, or to prices. Their July future remains on the pegged limit, and about the only customer for exports is Britain. Recent moisture makes it almost a certainty that the next harvest will be satisfactory, even though acreage has been considerably curtailed, and the bulk of their wheat crop was seeded on land that was black summer fallow last July. There has been no action yet as to what minimum futures prices would prevail for the next crop, but inasmuch as our government will probably not permit importations, relative cheapness up there is not a market factor. Their visible supply is enormous considering that this is the tail end of the season; they have 489 million bu of wheat on hand compared with 273 million bu last year, and even in 1940 this was considered more than ample for all purposes.

Primary receipts today were 813,000 bu compared with 1,270,000 bu last week, and 382,000 bu last year. Therefore, even with more dry weather a year ago the movement had not started so early, but it is probably human nature to forget these things, particularly as many so often figure that the harvest should be in full swing toward the middle of June.

Changes from the previous session were not important; at the last, July wheat showed a decline of 1/2¢ per bu, while September was down the same.

Corn at one time was somewhat easier, but rallied; there was no particular feature, except that the feeding ratio is satisfactory, and this is always one of the fundamental issues.

Beans were quite weak early, but rallied late in thesession with strength in cottonseed oil.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 11, 1941.

After the close of the market yesterday, the government issued its June crop report, which was highly optimistic with regard to both winter and spring wheat yields. An increase in winter wheat prospects of about 44 million bu was more than had been generally expected, and apparently, the month of May was almost perfect for the best development of the plant, but as an offset the trade figured that the torrential rains which occurred during the last ten days have taken heavy toll, although it is our own opinion that unless further damage occurs, the losses of the past ten days are no greater than had been the increase during May. Therefore, if this reasoning is correct, we may still look forward to a winter wheat crop of about 650 million bu, which is considerably larger than last year, and also, more than the ten-year average. While it is unfortunate that the rains have been so heavy, there may be some compensation as a number of dry areas were benefited, which to some extent will offset damage from lodging in those areas where the plant was submerged in water. There were a number of rather pessimistic reports today, which had their influence after a lower opening, particularly the Oklahoma weekly report, which spoke of flooding and destructive rains to all crops; and as was natural, they claim that the extent of the damage was undeterminable --that many fields were a complete loss.

There are still a great many uncertainties in the situation, and there always will be while we have artificial stimuli to contend with. At the present time nobody knows when or if the impounded holdings from the 1940 crop will be disposed of. Therefore, with a quantity of about 200 million bu affected, it naturally creates a big unknown in the equation.

We are getting very few crop reports from Europe, although Broomhall's cabled reports confirm the backward season, of which we spoke earlier in our letters, and the general lack of sufficient sunshine. In spite of this, yields are expected to be better than they were last year, and somehow or other, the blockaded countries have been able to get along through the use of substitutes and admixtures, but yet, no reserve supplies have been built up. Consequently, it is likely that when the new crop is harvested, it will immediately go into consumptive channels. Because of the heavy shipping losses, Britain has encouraged production in every way possible, and much larger crops of all kinds are anticipated.

Flour business today was reported as rather light, but during the week, a rather substantial business had been done. Generally higher commodity markets may have been an influence; also, the establishment of terminal prices for wheat, and finally, the recognition that ultimately tightness of supplies must be contended with, due to the fact that such large quantities will inevitably go into the federal loans. In any event, according to data compiled by the Northwestern Miller, spring wheat sales were 105% of capacity, compared with 45% the previous week, and only 23% a year ago. In the Southwest, bookings were slightly better at 109%, vs. 40% last week, while a year ago business was down to 14%.

Primary receipts were a little better, being slightly over 1 million bu, which was practically the same as last week, but compared with only 253,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 369,000 bu.

In analyzing the government report, it seems that the increase was almost entirely in the States of Kansas, Texas, and Oklahoma. The government indicated that 41 million bu more might be raised in those States than in May. If we assume that because of the excessive moisture, damage has equaled about the same amount, then we are no worse off than a month ago. With this in mind, there was no great enthusiasm, and at the last July wheat showed a decline of 3/4¢ per bu, while September wheat was down 5/8¢; and this, in spite of tremendous strength in soybeans, where heavy short-covering took place; also strength in cottonseed oil was a factor.

Corn was fairly firm; there is no pressure on the market, great dullness prevails, and there do not seem to be any trading incentives.

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CHICAGO June 12, 1941

Bad news generally travels much faster than good news, and this was certainly the case during the past week or two, when heavy and excessive moisture brought devastation to some of the wheat fields of Kansas, Oklahoma, and Texas. During the preceding thirty days, the gradual improvement which had taken place in those areas was very little advertised, with the result that the sharp increase in the government estimate was a surprise to many in the trade. This, however, is not unusual. Human nature likes the glamour of excitement. Few people ever watch a building going up brick by brick, because it is a slow process, but when a fire breaks out, thousands of people congregate to watch the destruction. We ourselves are of the opinion that many areas have been benefited by moisture, partially offsetting other localities where damage has been sustained. It may take several days yet before more optimism prevails, but meanwhile, the wheat market is discounting in small measure the possibility of increased hedging pressure, which is bound to be a factor when the movement is on.

The overnight weather showed improvement in the Southwest. Very few showers were reported, and the map was also encouraging, as it suggested that clearing skies might prevail, with fairly cool temperatures; so there should be less apprehension over the spread of rust. No doubt, Texas and Oklahoma damage has been severe, but possibly even exaggerated in those States. As for Kansas, it must be remembered that their figures are compiled jointly by State and Federal boards. The government gave an estimate of 188 million bu for Kansas, and the Kansas State report said that, in its production figures for the State, allowance was made for the visible effects of the rain damage. Therefore, production is still apt to be very large, and we think it might have shown over 200 million bu had there been normal conditions during the early part of June.

There is little publicity given to the fine rains that have occurred in the Northwest, but undoubtedly these are doing a great deal of good, and in talking with a prominent dealer from Minneapolis, he was quite optimistic over the future. The same is true of Canada, where the condition of all wheat was 98% of normal, compared with 92% last year, and 94% in 1939. Of course, the acreage is smaller, and it is estimated that farmers' intentions to plant amount to 21,655,500 acres, which is only 75% of what was actually sown in 1940. However, with the big carryover, and with elevators practically filled at the tail end of the season, it is probably fortunate that a country with such a small population will not have to contend with larger supplies. After all, Canada is carrying over about as much wheat next August as the entire world used to carry over in normal times.

Ordinarily, news from Europe would be awaited eagerly, but with the British blockade still effective, very few people are even asking about growing conditions abroad. The European harvest has already started, but it will be some time yet before new wheat reaches the mills in volume, according to Broomhall's report; he also calls attention to the fact that a good deal of agricultural work has been disrupted, with both horses and tractors deficient because of war conditions.

Primary receipts were fairly good at 1,177,000 bu vs. 1,196,000 bu last week, and only 259,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 784,000 bu. There has been considerable wheat moved out of Kansas City, apparently to make room for the new crop.

There was a little more optimism, and we had a report from Oklahoma calling attention to the fact that fields which were down might still be harvested and probably make 10 to 12 bu per acre. There was a little selling today, although volume was still small. At the last July wheat showed a decline of 5/8¢ per bu, while the September future was down 3/4¢.

Corn was steady, but without particular feature. Beans were strong, and those who compute its value based on oils seem to think that present prices are not out of line.

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CHICAGO June 13, 1941.

There is little war news at the moment, but the British continue to feel that this will be a long struggle and will finally tax the staying powers of Hitler to determine the issue. For the moment German pressure in the Middle East has slackened, although ultimately the goal seems towards Suez. The building of this great Canal, which required the issuance of a large amount of securities, proved a great success. The investors (or, as our legislators would term them, speculators, because great risks attended it) realized good profits from their ventures; in fact, the British Government when Disraeli was Premier conceived the idea of buying Suez Canal shares in the speculative markets of London and Paris until a majority had been acquired. This eventually led to the British occupation of Egypt. This was one speculation which was applauded by the whole world, but which could not have taken place had there been any such great restriction of speculation.

Right now, there is practically no trade of importance in the grain markets. With an estimated production of 900 million bu, and a carryover of nearly 400 million bu, the open interest in all wheat futures in Chicago is less than 40 million bu. Action of the government in creating uncertainties, and their stabilizing efforts, have all tended to drive speculation away. Of course, while the government is in supreme command, and has the resources and willingness to give the farmers a ten-months put on their grain, there is less necessity for futures trading. But everybody knows that no government can forever remain generous enough to continue this type of philanthropy, and, therefore, we must look further ahead to the day when supply and demand will again be called upon to function. Whenever that period arrives, speculation will again be needed to assume the burden, and we do not consider it a very far-sighted policy to discourage that element of trade which has served such an important purpose in the past.

Crop reports from the South west were somewhat more optimistic today; generally speaking, the weather showed a tendency to clear, floods in some Kansas areas caused damage, but elsewhere rains were beneficial. We have no doubt but that this has been wonderful filling weather in many sections, making possible a large berry and high yields. Even in Wichita, they seem to think that if no more rain is experienced that combining may start in a fairly general way in southern portions of the State by next Monday; in fact, some combines are already working now around Medicine Lodge, although the majority of the fields are still pretty heavy.

Primaries were fairly large at 1,197,000 bu versus 887,000 bu last week, and 557,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 1,168,000 bu; Kansas City decreased heavily, making room for the new crop, but this wheat will probably show up later in other markets. When the visible is posted on Monday, it will compare with last year's decrease of 3,277,000 bu.

At noon today the government announced a program to increase production of soybeans for oil, permitting farmers to increase their acreage without loss of farm benefit payments. The Department also stated that bean prices would be supported at a level of approximately $1.00 a bushel. This resulted in short covering of beans, and a rather bullish feeling spread to other pits. Wheat prices were affected; there had been some easiness earlier, but this was wiped out, and at the last a substantial advance took place, with the July delivery going up 1 3/8¢ per bu, while the September wheat was up the same.

Some map readers, taking a long-time view, think there might be considerable moisture in the Southwest during the next five or six days, but our weather man does not see anything serious ahead. It seems that trade is light enough so that moderate-sized orders have more than the usual influence, and with no apparent pressure, it took only fair-sized orders to bring about the advance.

Corn was up some, but fractional gains were unimportant compared to the strength in wheat and soybeans.

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CHICAGO June 16, 1941.

Weather developments have received constant attention from the trade during the past week, and this is not surprising, owing to the fact that excessive moisture had been reported in the Southern Great Plains, with considerable damage in Texas, and some in Oklahoma. Our own reports from the Texas Panhandle were fairly optimistic considering the prolonged period of precipitation, but it must be remembered that better than normal conditions prevailed during the early period of crop development, so that even with the damage that has been sustained, there is apparently a good-sized crop still ready for harvest. According to the Government weekly market review, the aggregate damage for Oklahoma will be relatively small and restricted almost entirely to soft wheat. The greatest damage, they say, will occur in an area roughly bounded by Enid, Perry, and Meford, where 30% of the total acreage is soft wheat. The appearance of rust is relatively slight in northeastern Kansas and eastern Nebraska. We believe that with a few days of good weather, the crop is almost bound to get ahead of much rust damage, and since the rainfall over the week-end was confined mostly to Texas, there was some feeling of optimism as good progress toward maturity is being reported in Oklahoma and Kansas.

Considering the adverse weather, receipts in the Southwest were quite large. Of course, a good deal of old wheat is still moving, with the carryover so tremendous; but, in any event, there were 656 cars received today at Kansas and 127 at Hutchinson. Enid reported 120 cars at that point, and of this total, 78 cars were new wheat, with an average moisture of 13.6%. The forecast is also fairly good, and given a few days of dry weather, it is quite likely that the picture will look entirely different from what it did.

First quotations were somewhat lower, as the carryover feeling from Saturday was slightly bearish, as prices had reacted from a mid-week bulge, but as yet there is no appreciable pressure, and when the soybean market turned strong, it required but little buying to firm the market. There is very little attention being paid to routine statistics, which ordinarily are of importance marketwise.

World grain shipments were light this week, amounting to less than 6 1/2 million bu. Aside from clearances of about a million bu from the Argentine, almost everything afloat came from North America, although Australian shipments are not being reported, but the same situation prevailed a year ago.

Little is heard about progress in the Northwest, but most reports are highly optimistic, and the government talks rather encouragingly about prospects. Average moisture for the week in Minnesota amounted to 1.60 inches; in North Dakota, it was 3.12; South Dakota claimed 1.52, while Montana fared the worst, having received only .98 inch, but, in any event, taken on the whole this was a very satisfactory week.

Primary receipts were large today, amounting to 2,526,000 bu versus 1,361,000 bu last week, and only 374,000 bu last year. When the visible supply was posted it showed a decrease of 409,000 bu, and from now on, given proper weather, we may expect increases to take place. Total stocks in all positions amount to 119 1/2 million bu, which is roughly 32 million bu more than was on hand a year ago. At Chicago there was a decrease of 105,000 bu, with 8 1/2 million bu locally held.

After considerable indifference where both advances and declines had occurred, short covering set in when it was announced that all German consul generals had been requested to leave the United States. We, ourselves, see nothing in this to influence wheat prices, and actually the stock market paid no appreciable attention to the news, but anything that appears in any sense warlike reminds the trade of what happened during the first world war, when conditions were far different from what they are today. At the last, July wheat showed an advance from the previous session of 3/8¢ per bu, while the September was up the same.

Corn trade was not important, but there was a bulge in sympathy with wheat. The visible decreased 1,782,000 bu. The government has clarified its position; the CCC owned corn will apparently be offered into consumptive channels at a 75¢ maximum FOB Chicago price, and merchandising interests will pay a premium of 2 1/2¢ over July.

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CHICAGO June 17, 1941.

The Senate has voted an inquiry authorizing its agricultural Committee to investigate parity prices on basic farm commodities, and to recommend legislation. It has always been a fact that certain thrifty farmers have been able to eke out a living even during periods of depression when others found it difficult. This, of course, is on the assumption that the farm has not been heavily mortgaged, and that the individual producer is able to utilize his own labor hands, without paying others to help.

In trying to seek a balance in order to make it profitable for every farmer in the country to make a satisfactory living, it should be borne in mind that cost of production alone is not a proper basis for fair prices. This is evidenced by the fact that no two farmers have the same cost of production, and no one farmer has the same cost of production from year to year. The inefficient high-cost farmer, like the inefficient high-cost manufacturer, fails and finally quits because he cannot force the consumer to pay the high price represented by his high cost of production. If we are to have steadily increasing prices for agriculture, it will naturally bring about a higher cost of living, but yet the latter is considered undesirable at this time. Just yesterday, the bakeries were asked to avoid rising bread prices, with Mr. Henderson, the Administrator, pleading with the twelve leading bakeries in all parts of the United States to cooperate with the government's policy of stabilizing prices by not increasing bread costs. Apparently it was figured that, since bread is the staff of life and is so prominent in the diet of everyone in the country, any unnecessary rise might act as a symbol of causing sympathetic advances elsewhere. However, we must bear in mind that the middleman must have some incentive for remaining in business, and we must also take into account that in the end the consumer is, and always has been, the power that directed ultimate production.

When our market opened this morning, prices were slightly easier. The overnight weather had been favorable, and the various forecasts, both private and official, were fairly optimistic. Practically no rain had been reported in the Southwest, and indications were for generally fair except possibly a few showers in the Texas Panhandle. For Missouri, Kansas, and Oklahoma, temperatures will average slightly above normal, but with much wheat close to harvest, we feel that if there are no further rains, this is the all important item to be watched. As yet, there is no hedging pressure of consequence,and in our opinion, the real test will come when these new hedges have to be absorbed. Up to now, we have been trading more or less on prospects, and while everybody appreciates that if enough wheat is impounded, we may finally have a tight situation; yet, there is an interim period with ample supplies until gradually we eat into the accumulations.

The European war news has had very little influence of late. Britain continues to make progress in Syria, while troops are gradually nearing Damascus, which is the strategic point of the Middle East. All through history, bitter fights have taken place on this ancient soil, but with the British on the offensive, it seems that they have the situation pretty well in hand.

Primary receipts were very large, amounting to 1,524,000 bu; however, this does not represent entirely new wheat, as there appears to be a good deal of CCC grain which is being moved from the country to terminals in order to provide space for the new crop. A week ago primaries were 813,000 bu, while last year they amounted to 505,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 26,000 bu.

Weakness in wheat was never very pronounced for the reason that there are no hedges yet in volume, and furthermore, nobody has taken a big short position. Late in the session when soybeans went into new high ground again, the leading cereal was influenced and final prices were very little changed from the previous session, July wheat closing 1/4¢ per bu lower, while the September future was down the same.

Corn was fractionally off, but trade was light. The crop is getting off to a good start, and although feeding ratios are favorable in comparison with hogs, there are no important inducements at the moment to play the constructive side of the market.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 18, 1941.

As we understand it, Price Administrator Henderson, amongst other duties is charged with preventing price dislocations. That he has a tremendous problem is clearly seen when one reflects for a moment to note that our government is engaged in the banking and merchandising business on a scale never before reached. The layman probably has read about corn, cotton, wheat, and tobacco loans, but this also extends to such commodities as turpentine, rosin, wool, mohair, pecans, prunes, peanuts, hops, etc. The result has been that large amounts of these commodities have been accumulated, owing to the fact that loan prices were set artificially high. In addition to this, tremendous food supplies are being purchased each week. For a seven-day period, ended June 14th, amongst a series of articles too long to list in a market letter, the government bought 8 million pounds of lard, and 3 1/2 million pounds of cured and frozen meats; they also purchased 2 1/3 million pounds of American cheese, 8 million pounds of dried apricots, and 796 billlion units of vitamin A. These food supplies may be used for domestic distribution, to those on relief, it may be distributed, for free school lunches, or possibly given to the Red Cross; it may be shipped to refugee areas, or to foreign countries under the terms of the Lend-Lease Act; in fact, when desirable it may be released on the market. Therefore, the government has tremendous power, and while such enormous purchases are being made, it is not surprising that the general commodity list has been tending higher.

In spite of all this, wheat prices have shown some resistance during the past few sessions, and while the majority of traders believe that finally the impoundings will be sufficiently large to make free supplies more valuable, there is bound to be an interim period when hedges will come into this market. With fine weather almost everywhere in the country harvesting operations should soon be under way in all districts of the winter wheat area, and with speculation at low ebb, having been scared out of the market because of artificial stimuli, we wonder whether there will be enough absorption to cushion the wheat market at present levels.

Flour sales the past week dropped; according to the Northwestern Miller, winter wheat mills were only 60% of capacity compared with 109% a week ago, and 16% in 1940; spring wheat mills booked 50% of capacity versus 105% a week earlier, and 40% last year. Apparently holders are waiting to see what effect an increased movement will have upon price. Receipts in the Southwest were quite large; Enid, for instance, had 228 cars in today, of which all but three were from the new crop; Hutchinson had 115 cars, but at Fort Worth there were only 30 cars received. Very likely it will take a little time in Texas yet because of the rains which held up the movement. In looking at the weather map, we find not even a trace of moisture anywhere in Missouri, Kansas, Oklahoma, or Texas, and predictions are also for continuation of fair weather. Therefore, by next Monday there might be fairly good receipts in all southwestern markets.

Primaries today amounted to 1 1/2 million bu compared with 1 million bu last week, and only 305,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 263,000 bu.

Very little attention was paid to statistics of any kind. At one time soybeans led the decline, after it was announced that OPM official were studying recent advanced in cottonseed oil. A number of stop-loss orders in wheat were uncovered, but the volume of trade was rather light, although probably better than yesterday when only 10 million bu were transacted for all futures in the pit. We saw no evidence of large scale hedging; in fact, most of the pressure today seemed to come from tired longs. At the last July wheat was 1 3/8¢ per bu lower, while the September future declined the same.

Corn was very dull, prices ranged within narrow limits, and there is no issue at the moment to attract attention. It can only be said that the movement from the country continues extremely light.

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CHICAGO June 19, 1941.

There is an old saying in the grain trade that in the spring of the year when floods occur and bridges are washed away, one should sell wheat. This is not mere superstition, but there is a good deal of logic behind it, because while certain low lands are adversely affected, there are so many semi-arid districts which benefit that sometimes the advantages outweigh the disadvantages. According to Mr. Murray, one of the crop experts here in Chicago, adverse weather and damaging rains have taken a toll from the three important winter wheat states, with an indicated reduction of 30 million bu for Texas, Oklahoma, and Kansas. However, he points out that prospedts in other winter wheat areas increased nearly 10 million bu, while the spring wheat prospects increased about 15 million bu. Therefore, it is obvious that the crop on the whole is little changed since the first of the month. The Robinson Elevator Report this morning, after allowing for all losses from various causes, estimated the Kansas crop, as of June 18th, at nearly 186 million bu. Filling weather they claimed was excellent, and with normal conditions during the next three weeks, this figure could be exceeded.

The trade would ordinarily have construed these two reports as bearish under normal circumstances. However, most of the wheat which has moved in the Southwest to date has either gone into the loan, or else farmers have taken storage tickets, but only small quantities have come on the free market, and, therefore, there has been no hedging pressure yet of consequence. While the Northwest reported flour business as rather small, there must have been a much better volume in the winter wheat districts, as two or three brokers who often act prominently for large mills were good buyers in the pit this morning, and this lent some tone to the market, with pressure otherwise very light.

There is very little change in North American statistics. Canada has shipped nearly 185 million bu of wheat and flour since August 1, 1940, which is about 10 million bu more than the previous season, and not too good a showing, considering that she has had the export field almost to herself. At the present time, there is still 535 million bu remaining; therefore, the carryover reserve will be about in line with our previous estimate. As for the United States, we have shipped only 28 million bu of wheat and flour since last July, and most of this was only accomplished through the granting of subsidies. When the total world shipments are reported for the season, this will no doubt prove to have been one of the smallest on record. Up to the present time, they amount to 275 million bu, exclusive of some small quantities that were cleared by Australia, but which are not given out due to censorship.

Weather was again favorable overnight; a few rains had occurred in North Dakota and Montana, but the Southwest was generally dry, and this was good for harvesting operations. Enid, Fort Worth Wichita, Hutchinson, Salina, and Kansas City had a total of 977 cars of wheat in today compared with 600 cars last year. This was responsible for a fairly good showing in the primary movement, with receipts amounting to 1,661,000 bu versus 1,177,000 bu last week, and 456,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 462,000 bu.

Trade was extremely light, probably smaller than yesterday when about 13 million bu were traded in the pit. The removal of hedges against flour business had its effect upon the market shortly after the opening, although best prices of the day were not quite maintained. At the last July wheat was 3/4¢ per bu higher, while the September delivery closed 7/8¢ per bu up.

Corn was neglected; the great inactivity discourages trading on either side of the market. The fact remains, however, that there is no pressure from the country; in fact, the movement is very light. This means that farmers are either feeding, or holding their crop for higher levels, knowing that with the loan they can depend upon the government to stave off a loss.

Soybeans were moderately active. However, fluctuations in cottonseed oil were less pronounced, and as a result beans were more quiet than during recent sessions, although there was a very strong undertone.

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CHICAGO June 20, 1941.

In studying the preview of the new tax bill as proposed by the House Ways and Means Committee, a good indication is given of how severely individuals will be affected. There have been some expressions from Washington of a desire to curb undue speculation in commodities. As far as the grain exchanges are involved, in view of the possible new tax, the problem seems to be one of finding enough speculation to permit the proper functioning of an exchange. Without going into any technical discussion, in normal times the commercial grain trade, which includes elevator houses, mills, etc., are the hedgers, in order to protect themselves against any fluctuation in price. On the other hand, the speculator is the one called upon to absorb these hedges, and if the handling of grain is to remain in private hands, a balance must be maintained in the market. Of course, if the government is going to continue to be the main handler of cash grain, as it is at the present time, the entire system will be revolutionized, and instead of having a free industry, farming will become highly socialized. This would approach conditions as they exist in several European countries, whose policies are so abhored by the Democracies.

Weather at present is almost ideal for harvesting. In the Southwest, it is dry and warm, but not excessively hot. The five-day weather forecast suggests that there may be some showery conditions in parts of the Southwest about the middle of next week, but fair up to that time. From the Northwest, all reports are mostly enthusiastic about the outlook at the present time, and they report same the best in many years.

From April 1st to June 15th, moisture in Minnesota from reporting stations has amounted to 8.94 inches vs. 6.10 in 1940, and 5.85 in 1939. South Dakota shows 8.29 inches vs. 4.70 in 1940, and 6.35 in 1939. North Dakota reports 8.47 inches vs 5.22 in 1940, and 5.09 in 1939. Montana, the only Northwestern State showing less favorable, has had 4.69 inches vs. 6.08 in 1940 and 4.49 in 1939. Harvesting is proceeding in the Southwest, and it is extending Northward. The Kansas Grain and Feed Dealers Association reports that with favorable weather some new wheat should be received at many Kansas stations this week, especially through the Central and South Central districts, and that by the 1st of July, harvesting will be in full swing throughout the entire State.

Receipts at Fort Worth, Enid, Hutchinson, Wichita, Salina, and Amarillo totaled slightly more than last year; namely, 786 cars against 735 a year ago. Kansas City receipts were quite heavy today, 316 cars compared with 55 last year, but it is estimated that possibly 80% of these receipts represent old wheat passing through Kansas City. From all early indications, a great deal of the wheat which has moved to date in Oklahoma and Texas has gone into storage, either private or under government loan, but, of course, it is too early in the movement to come to any definite conclusions. Reports indicate that Oklahoma and Texas suffered from the heavy rains of the past few weeks, but reports from Kansas are more optimistic, and there are some who still believe that the crop in that State can run 175 million bu or better.

Primary receipts today totaled 2,004,000 bu vs. 1,197,000 bu last week, and only 418,000 a year ago. Kansas City and Minneapolis stocks show a net decrease of 580,000 bu so far this week.

The market opened stronger this morning in response to strength in cottonseed oil, cotton, and higher hog prices. There was no particular evidence of any hedging sales; on the other hand, the milling demand seemed to be rather quiet. Trade was rather featureless until later in the session when announcement was made from Washington that the President would deliver an important message to Congress, contents of which was not given. This led to new buying, and at the close July wheat was 7/8¢ per bu higher, and the September was up 3/4¢.

There was a little more interest shown in corn, particularly in the new-crop futures, with many locals taking the constructive side on the theory that the usual crop scare period is approaching.

Soybeans were strong throughout the session and went into new high ground, but best prices were not maintained.

The announcement was made that during June, July, and August the government would issue, in addition to the usual monthly crop report, a mid-monthly one. The first one will come out on June 23rd, and will cover estimates as of June 16th. UHLMANN GRAIN CO.

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CHICAGO June 23, 1941.

Late Saturday night, the world was informed that Germany had declared war on Russia, while simultaneously, and without notice, bombing of the Soviet Union had started. About fourteen hours later, the British Prime Minister spoke by radio and avowed that Britain was ready to accept any ally which resisted the Naxi Fuehrer.

This news had a rather stimulating effect upon all markets. Securities opened strong this morning, and people are reasoning that with the spreading of the war, it may last for many years. Therefore, it was a foregone conclusion that our grain market would be considerably higher, and there were no surprises in this respect. Not only wheat and soybeans advanced, but corn was sharply up during the initial transactions, although nobody suspects very seriously that Russia's entry into the war will make any particular difference, insofar, as our corn export business is concerned. For that matter, we ourselves do not see any chance for improving the outlet for United States wheat, even assuming that some of the fertile Russian territories are occupied by German forces. One may only reminisce and recall that Russia has not been a serious exporter of wheat since the last World War, except for the trifling amounts that were occasionally sent to Germany; consequently, the world will not suffer, should her relations as a seller be terminated. We regard it highly unlikely that any appreciable imports will take place, as the country is so vast, its railroad system is chaotic, and we can hardly imagine at this time that the world wheat situation is greatly changed due to developments which have taken place during the past two days.

After the close tonight, there will be a mid-monthly government report, and as we understand it, these reports will be issued during the crop-season not only for the benefit of the trade, but also that the railroads may better prepare themselves for the post-harvest movement. It is thought that Texas and Oklahoma will show considerable deterioration, but that this may be largely offset in other districts. There is talk of stem rust being prevalent as far North as North Dakota, but in spite of this Minneapolis was very weak in relation to our market and lost ground. Apparently, the flour business was disappointing, considering the general tenor of news; in fact, the trade was not overly active, most of the action taking place during the first half hour of the session.

Today's primary movement was very large at 4,092,000 bu versus 2,526,000 bu last week, and only 698,000 bu last year. At Kansas City there were almost 1,200 cars of wheat, and we are told that 60 to 70% of the run comprises new wheat, but yet pressure is exceedingly light. It seems that the bulk of the grain is either going into the loan or else farmers are taking storage tickets. Therefore, there was never any great weakness today, and those who covered or made new commitments had to pay top prices on the crop. When the visible supply was posted it showed an increase of 378,000 bu; total stocks in all positions amount to practically 120 million bu, which is 35 million bu more than was on hand a year ago. There was a slight shrinkage in Chicago, but nobody pays much attention to this as very shortly the new crop should be moving in volume.

Late in the session there were a few buying orders which took the slack out of the market. Some believe that there may be a better demand for Canadian wheat if Russia requires supplies from this side. However, Canadian reserves are so tremendous that we can hardly imagine this to be an important market factor. At the last July wheat showed an advance of 2 5/8¢ per bu over Saturday's close, while the September future was up the same.

Corn was quite erratic, and because of the lightness of the trade fluctuations at times were moderately violent. There was a reaction in the July future of 3¢ a bushel at one time from the high quotation of the day.

Beans responded to the generally bullish psychology, and also to much higher prices for cottonseed oil.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 24, 1941.

After the close of the market yesterday, the government rendered a mid-monthly report indicating wheat production for the nine important winter wheat States. Owing to damage from the excessive rains, it had been feared that there would be a considerable reduction from the June 1st estimate, but actually, the yield was only cut about 12 million bu; therefore, it is obvious that while Texas and Oklahoma fared badly, there were partial offsets in other States. Thus, at the present time, the outlook, taking the country as a whole, is almost as good as it was on the first of the month. The prospective winter and spring wheat yields combined should give us a crop of about 900 million bu, which is roughly 150 million bu more than the ten-year average. As a matter of fact, we must go back to 1931 to find a larger crop, as in that year we raised 941 million bu. However, with a carry-over of nearly 400 million bu, we are starting the next season with larger supplies than ever before, and besides, must take into account that we are doing practically nothing in the way of exports.

In these circumstances, those who have been brought up in the grain trade, and who have felt that statistics were all-embracing, find it difficult to play the constructive side of the market, and this undoubtedly accounts for the small open interest, despite the government high loan policy that was recently adopted. The unprovoked German aggression upon Russia brought in some additional buying orders yesterday, with the result that the total wheat trade was somewhat better, at 22 3/4 million bu, but upon more serious reflection today, it was not considered likely that the Ukraine would immediately be lost to Russia and go into the hands of Germany. After all, 40% of the Soviet Union lives in that area, and while it is known that the Ukraine was the immediate object of Hitler's drive (this being such fertile country and known for generations back as Europe's bread-basket), yet there is bound to be a great fight before Russia will give up this important territory. Before the war, the largest exports of all grain sent from Russia came from the Ukraine, and about 400 million bu of wheat and rye was raised there, which, together with the large coal deposits, made it very attractive to German eyes. Also, the oil and gold deposits are so large that Russia will not yield, in our opinion, without a tremendous fight.

Receipts today were quite large, and at Enid, Hutchinson, Wichita, Salina, Fort Worth, and Amarillo 1,186 cars of wheat were received, compared with 719 cars last year. Kansas City received 588 cars of wheat in that market vs. 148 cars in 1940, but in spite of this, hedging pressure again was rather light.

Shortly after our market opened there was a little buying, owing to the fact that the weather map suggested rather high temperatures in the Northwest, but with Minneapolis displaying great weakness, we found it rather difficult to maintain bulges here. There apparently was a fair flour business overnight, but as an offset, a considerable quantity of loan wheat in the Northwest was redeemed, and hedges from this source were responsible for comparative weakness at Minneapolis.

The primary movement today was quite large, at 2,527,000 bu vs. 1,524,000 bu last week, and 703,000 bu last year. Kansas City stock so far this week shows a decrease of 36,264 bu.

Trade was considerably quieter than yesterday, and the market did not receive much help from outside sources, such as soybeans, cottonseed oil, etc. Therefore, with some profit taking prices at the last showed a decline of 1 3/8¢ per bu for the July future, while the September declined the same.

Corn was slightly reactionary. There was no particular feature to this market, but it is felt that while feeding opportunities afford a satisfactory ratio between corn and hogs, there is enough government corn being released at the moment to prevent a runaway market. This prevents much activity on either side, although undoubtedly no sharp breaks are in sight, as the movement from the country remains small, and farmers are rather inclined to hold their grain.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO June 25, 1941.

Ordinarily at this time of year, hedging pressure is one of the most important factors. This year would be no different except that the vast majority of farmers is eligible for the loan, and since the loan price is unusually high, we are told the bulk of the wheat now moving is either going into storage, or else the farmers are keeping a fairly large percentage of their crop at home to await further developments. We now find that there is an improvement in the movement and Fort Worth today had 184 cars of wheat compared with 134 last year; Wichita had 301 cars vs. 186, while Salina received 190 cars compared with 124 the previous year. There are, of course, some offsets to the hedges if the flour business is particularly good, but if a person were a keen observer and would stand in the wheat pit, he probably would agree with the writer that there was no concrete evidence of any important selling today. Therefore, the situation is very abnormal in that respect.

Nevertheless, storage space is beginning to fill up, and some free wheat is coming on the market owing to the fact that it does not grade properly to go into the loan; but having had little precedent for a situation such as we are experiencing at the present time, it is equally difficult to have firm convictions as to what will be the effect upon prices for the next few weeks.

Shortly after the opening, there was a report that the government might buy a large quantity of flour over the weekend. This had a somewhat stimulating influence, as did also the removal of a few hedges against overnight flour sales. Trade appeared to be smaller than the day before, and there was no particular trend to the market during the early part of the session.

Most comments coming from the Northwest are extremely promising for the spring wheat crop, some claiming that the weather was all that could be expected. The very high temperatures which were forecast yesterday failed to materialize generally, and our weather man believes that it will become unsettled, with showers late tonight or Thursday, and while it may continue warm today, it will be cooler some time tomorrow. Thus, there was very little to get the grain trade in a very excited frame of mind, with the result that transactions in the pit resembled more a February market than one in June, and we are afraid that the many artificial stimuli give us this type of indifferent market.

War news had very little effect today, but there are still discussions about the Ukraine, as the grain fields were one of Germany's main objectives in their thrust into Russia. According to Sanford Evans, recent figures of yields in this province are not available, but in 1928 winter wheat production amounted to 36 million bu, spring wheat production 67 million bu, while the rye crop was 105 million bu. We are convinced that in the meantime production was increased tremendously, and as a matter of fact, we used some figures in our yesterday's letter that came fromBroomhall, showing that in recent years, almost twice as much wheat and rye had been harvested. In any event, nobody is particularly confident that Russian imports will increase materially for the time being; therefore, its effect upon the grain market is lost as an immediate influence.

Primary receipts were 2,288,000 bu versus 1,590,000 bu last week, and only 621,000 bu last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 50,000 bu.

After mid-session soybeans and lard became weak when it was announced from Washington that the government was considering ceilings on certain commodities that might have advanced too rapidly. This brought in small liquidating orders in wheat, which were well taken, and at the close the July delivery showed an advance of 1/4¢ per bu from the previous close, while the September was up 1/8¢.

Corn was little changed. Those who need the cash seem to be able to make their arrangements with the government. This prevents much of a bull market, although large quantities are undoubtedly going into consumption, both for feeding and for commercial use.

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CHICAGO June 26, 1941.

There was very little grain news overnight. Weather in the Northwest continues mostly satisfactory; some showers are looked for in the central and east portions tonight, with somewhat cooler temperatures. In the Southwest, there have been a few additional showers, and in one or two isolated spots, rain was very heavy, with the result that harvesting operations are delayed; this is particularly true in the western section of Kansas. However, the most important factor is that so much wheat is being held back on the farms, and because of the very high government loan, producers are apparently impressed with the fact that there is no hurry to market their grain. There is also some delay in getting the white marketing cards, particularly for the non-compliance farmers, and with such a situation, dealers are not overly anxious to purchase grain, because there is a fairly large risk involved, if later on they have to assume penalties.

In any event, hedging pressure is extremely light, and this was the occasion for our market opening higher, particularly as cottonseed oil was again very strong. Cotton also advanced, and with soybeans going into new high ground, there was considerable short covering in wheat, with stop-loss orders uncovered, and wheat futures made seasonal records. Hogs were reported at the highest price since October 18, 1937, and this also gave us a very strong lard market. Therefore, it was a foregone conclusion that with general commodity strength nobody would assume a very bearish position in wheat. As far as foreign news is concerned, it is not having much influence.

Dr. Palyi, a well known international economist, commenting on the present Russian-German war has very ably stated:-

> "The similarity to the Napoleonic situation after 1810 is amazing. Napoleon was in virtual control of Europe, including Scandinavia, with Czar Alexander as his "friend", trying to starve England commercially by blockade. Irritated by the Czar's lack of whole-hearted cooperation, and having no way to conquer Britain direct, Napoleon decided to attack Russia first."

Very few people who are trading in the market are interested much in international grain news. This was quite obvious, when just a few weeks ago, the British made a record purchase in Canada of 120 million bu, and there was practically no influence whatsoever marketwise. Hardly anybody pays attention to grain shipments from the Argentine, and futures trading at Buenos Aires has been extremely quiet for several weeks. Adverse weather in Europe is also ignored, for the reason that Germany and the German-invaded countries are not able to get supplies through the blockade.

There is soon to be an International Wheat Conference at Washington, with the idea of exchanging information to see what steps might be taken after the war to safeguard against excessive competition. But after the unsatisfactory results of other wheat conferences in the past, it is difficult to become overly optimistic as to the good results that might be obtained from such a gathering.

Primary receipts were large at 2,872,000 bu versus 1,661,000 bu last week, and 1,144,000 bu last year. Minneapolis and Kansas City stocks so far this week show a total increase of 469,000 bu.

There was never any great weakness to the market; in fact, with such a small percentage coming on the free market, the premium basis everywhere was quite firm. This is far different from any other year, when we generally experience considerable hedging pressure.

At the last, markets were rather close to the best levels of the day, July wheat closing 1 7/8¢ per bu higher, while September wheat was up the same.

Corn was not particularly active. However, there is nothing new in this situation; yesterday only 2 million bu were traded in the pit, and it seems that many dealers are able to get their requirements from the CCC. Therefore, the futures market is suffering considerably. Prices were firm, but gains were just fractional.

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CHICAGO June 27, 1941.

With the exception of the fact that some additional damage has been sustained in the Southwest because of excessive rains, the general statistical position of wheat is unchanged. The reduction itself is not important enough to really influence the market, as surpluses everywhere are so large, and when we read the Department of Agriculture's resume, it seems to confirm these thoughts fully. As our crop-season draws to a close, they estimate the carryover in this country at 396 million bu, or an amount sufficient to supply 60% of the year's domestic needs. Since this will be supplemented by a very large crop, it would be a very bearish situation except for the fact that the high loan makes everything artificial, and up to the present time, we have hardly had any hedging pressure. The government calls attention to the fact that the Canadian surplus is the largest quantity ever carried over by a single nation, and they state that if Canada did not produce a bushel of wheat this coming year, or the next year, present supplies would almost be enough to take care of the country's domestic needs for two years, and in addition, provide exports equal to the average in the five years, 1935-39. All this, however, fades into the background, as long as enough money is available to maintain the 85% of parity program, which it is figured has placed domestic prices about 40¢ higher than existing export price levels.

The trade continues in a rather bullish frame of mind, with so little grain being offered for sale. Every day when we look at a newspaper we find that some other food article has advanced in price. Today, milk prices in the Chicago area were advanced 1¢ a quart, and it is figured that local consumers will have to pay about $400,000 more a month for this one particular dairy product. In the meantime, cheese, butter, eggs have all advanced; pork products are up, and fats and oils have been climbing now for months. Under these circumstances, nobody is assuming a very bearish position on any foodstuffs. Therefore, it was not surprising that general advances took place this morning in wheat.

With one more week to go until the new crop season starts, we have cleared less than 29 million bu of wheat and flour, and most of the clearances were made through the granting of subsidies. Consequently, it is not too encouraging a picture if we ever have to revert to the old methods of marketing. Nevertheless, few people are looking that far ahead, since most traders are imbued with the idea that federal funds will hold out forever, and that we can reduce acreages through large payments to farmers', or else pay the price to get our surpluses into export channels. Naturally, some consideration must be given to the fact that the world's import requirements are presently very low, owing to the war, and in forty-six weeks, total world shipments were only 283 million bu, outside of small quantities cleared by Australia, but if the war lasts, we see little chance of any change in that direction.

Primary receipts were again large at 2,990,000 bu compared with 2,004,000 bu last week, and 1,481,000 bu last year. Minneapolis and Kansas City stocks so far this week show a total increase of 842,000 bu. Despite the heavy run of carlots there was no evidence of much wheat coming on the free market, and with some improvement in the flour demand, the line of least resistance was again on the constructive side of the market.

At the last July wheat showed an advance of 1 3/4¢ per bu, while the September future was up 1 5/8¢.

Corn was strong; feeding operations are so profitable that our consumption is bound to be big.

Oats came to life suddenly, with a sharp advance; locals bought, but the news favored longs, with some talk of high temperatures and deterioration in parts of Illinois and Indiana. It was figured that this cereal had been dragging behind the general list.

Soybeans were extremely strong. They went into new high ground, and with cottonseed oil prices again higher, buyers seemed to have the edge. There was profit-taking at times, but sales were easily absorbed.

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CHICAGO

June 30, 1941

The carryover feeling from Saturday was rather mixed, The act that lard and soybeans had been down the limit might have brought bout further heavy selling this morning except for the fact that a ertain group of Senators had apparently taken opposition to Leon enderson's plan of creating ceilings for agricultural commodities, and t now looks as though the issue would be brought into the open, with robably a good many arguments on both sides. We have long felt that he Price Administrator had a very difficult job on his hands in trying o prevent inflationary tendencies, with some of the laws that recently ave been passed. With basic commodities, such as wheat, cotton, corn, nd tobacco at very high levels, due to loans that were granted based n 85% of parity, it complicates the entire situation.

With the cottonseed oil market closed last Saturday, there was undoubtedly some hedging in soybeans and lard by those who wanted o limit their losses, and this even spread to wheat. This morning, first wheat prices were rather firm, and some were considering the possibility of an upward reaction, inasmuch as lard selling at around 10¢ is not particularly high when one considers that the government is more or less committed to a policy of stabilizing hogs at about the $9 mark; Furthermore, one must consider that present hog prices are a good deal higher than that.

In wheat, there have been any number of artificial stimuli, and until today hedging pressure has been extremely light. We have noticed more evidence of sales in the pit today, but this is quite natural, as Kansas City, for instance, reported 1,617 cars received; therefore, it would be almost a phenomenon if all of it were to go into the loan, but we feel confident that some fair quantities were for sale. Speculators at the present time are on the defensive, not knowing what further action may be taken at Washington, and since speculation plays such an integral part in our marketing machinery, it would be too bad if it were now curbed to a point where insufficient absorption could be found to take care of the sales that are necessarily made during a period of crop movement.

There was nothing much in statistics to inspire activity in either direction. World shipments were less than 7 million bu, not counting Australia; 5 million bu was cleared from North America, and the balance from the Argentine. This also is a rather unusual situation. While not much attention is being paid to Southern Hemisphere crop conditions, Broomhall claims that seeding of wheat in both Australia and Argentina made good progress last week. The Argentine crop has gotten off to a fine start, although Australia will need rains during July to offset subsoil shortage, and even surplus moisture conditions are only fair.

To show how well the crop movement is along in this country, Kansas City last week received 4,569 cars of wheat, compared with 1,894 the previous week, and only 950 a year ago. However, some of this may have been CCC wheat sent to terminals in order to make room in the country.

Primary receipts were large at 5,771,000 bu vs. 4,092,000 bu last week, and 5,118,000 bu last year. When the visible supply was posted it showed an increase of 6,834,000 bu. This compared with a negligible increase last year, with the result that total stocks are now 41 million bu larger than in 1940. At Chicago, there is 8 1/4 million bu of wheat on hand.

The market showed fairly good recuperative power from breaks, which were never very severe, and with a fairly large government flour business transacted, it apparently meant that a good many hedges were taken out of the pit. This had been the much advertised deal that was to take place over the week-end. At the last, July wheat was 1 1/4¢ a bu higher, while September was up 1¢.

A decrease of slightly over 2 million bu in the corn visible had very little influence marketwise. However, this cereal was very firm, although trade was light.

Soybeans were extremely active, and were under liquidating pressure. However, there was a fairly good rally from the early break.

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CHICAGO July 1, 1941

Today marks the first day of the 1941-42 crop season. It will take some time yet before we get complete statistical data on the season just closed. However, no surprises are looked for. Owing to the comparatively high price, feeding of wheat to animals was not particularly heavy during the past twelve months; therefore, even with some increase in the population, we have probably had a domestic utilization somewhat smaller than the year before. The chances are that the government estimate for a carryover of slightly less than 400 million bu will be about correct. Thus, we have a record reserve to start with, and an export outlet which is not at all promising. Experience has taught us that when the Texas and Oklahoma wheat does not move to Gulf ports early in the season, it is more difficult to get it into export positions later on, for the reason that it moves to the interior. Consequently, we are looking forward to another year of comparatively small clearances, probably only made possible through the granting of subsidies, except in unusual circumstances when some small quantities may be needed for Central or South America, where the trade is accustomed to American varieties of wheat or flour.

It seems pitiful that, with the great privation which exists in many European countries, surpluses on this side must pile up. Generally speaking, European crop news remains unfavorable. Belgium, which is now a German-occupied country, is said to be in need of 9 million bu of wheat to tide the people over until the new crops are harvested next August. This information comes to us through Broomhall, who also claims that food riots may develop unless supplies are sent to the Low Countries.

Tomorrow, the crop experts will voice their views on the probable yields of both winter and spring wheat crops. Some reductions in winter wheat are looked for, particularly in Texas and Oklahoma, where excessive moisture has taken a heavy toll from the very bright prospects which existed earlier, and also, some losses have been sustained in Kansas, although we are of the opinion that yields in the western part of that State will be very large. Not much has been heard from those quarters since the harvest was delayed because of the weather.

We find that today's receipts, while ordinarily light on a Tuesday, are particularly light in contrast to a year ago. Wichita, Hutchinson, Salina, Enid, and Fort Worth had a total of 878 cars of wheat vs. 1,684 cars in 1940, or only about half as much. In spite of this, there was some enlargement in the amount of hedges that came into the pit today, with flour business rather small, and thus, early advances met resistance from selling which developed in five and ten-thousand-bushel lots.

Had it not been for the fact that our government had taken extra precautions with relation to Canadian imports, we might have an additional worry from that source, as the visible stocks in Canada amount to 460 million bu, compared with 281 million bu last year. Their government, apparently not having the funds to carry on philanthropy the way we are doing it, has set a minimum price of 70¢ at Fort William and Port Arthur, so that the farmer will be protected only to the same extent as last year. With Canadian exports averaging about 4 1/2 to 5 million bu weekly, we might be threatened with imports, except for a mutual understanding between the two countries recently arrived at, and an actual prohibition against Canadian imports into this country except on a very small scale.

Primary receipts were 3,088,000 bu vs. 2,527,000 bu last week, and 2,659,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 990,000 bu.

After mid-session, cottonseed oil became very weak, and was almost 100 points lower, after having broken the same amount yesterday. This naturally affected soybeans and lard, which in turn had its influence upon wheat. At the last the July delivery was down 3/4¢ a bu; September was off 7/8¢. There were fairly heavy deliveries at Kansas City, and with hedging pressure, this created a slightly more bearish sentiment.

The deferred months of corn declined, but the volume of trade was again light.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.

July 2, 1941

There was very little grain news overnight, and in fact, with the Liverpool market closed and no export business from this country during the period when we generally are having our busiest period, we naturally have to rely upon other factors for market inspiration. Showers had occurred since Tuesday morning over many portions of the Southwest; in fact, western Kansas reported some very heavy rains, which it was thought would further retard harvesting operations.

As had been expected, futures at Winnipeg were sharply lower, and for the first time in many weeks, there was trading in that market, as the government had lowered the minimum price on July wheat to 70¢ a bu. The result was that Canadian prices declined rather sharply, but it had virtually no effect upon values here, for the reason that our government has made it practically prohibitive to import Canadian wheat. Formerly, the only restriction on the importation of Canadian wheat was the 42¢ a bu duty, but because of our high loan program, we have gone even further now, and the quantities which we are permitted to bring across the border are almost negligible.

Shortly after the opening, the private estimates were released by the experts, and they reduced the winter wheat yield to 665 million bu. The government last month had estimated the crop at 698 million bu; therefore, there was a reduction of about 33 million bu during this period, but we call attention to the fact that today's estimate is rather low because one of the experts is consistently pessimistic in her views. However, with an indicated spring wheat crop of 234 million bu, compared with the government's figure last month of 213 million bu, this improvement partially offsets winter wheat losses, and we may now look forward to a total production of about 900 million bu, which is just about in line with trade thoughts.

The market paid very little attention to the estimates, as on the whole no big change is in sight, but with somewhat higher prices for lard, cottonseed oil, and cotton, and with hedging pressure in wheat restricted, owing to the somewhat smaller receipts in the Southwest, prices in the early trade ruled rather firm but volume was light. However, most people are waiting to see what effect a heavier movement in western Kansas will have upon the various wheat markets of the country. The open interest yesterday increased over a million bushels, and we assume that as additional hedges are absorbed, we are bound to gradually build up larger lines, although nothing in comparison with previous years, as a greater percentage of the crop is going into the government loan than ever before.

Primary receipts were large, and amounted to 3,643,000 bu compared with 2,288,000 bu last week, and 3,302,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 1,958,000 bu. There is still some shifting of supplies from country to terminals in order to make room for the new crop, but on a smaller scale than heretofore. During June, more wheat arrived at Kansas City than ever before during that month, having been diverted from country points. Thus, it will not take long for storage gradually to fill up, and the trade is beginning to sense the situation.

Hedging today was not burdensome, but likewise, speculation was rather light, and therefore, it was not easy to maintain bulges. At the last, July wheat showed a gain of 5/8¢ a bu from the previous session, while the September future was up 1/4¢. The nearby month seemed to gain with no deliveries having been made to date.

Corn was barely steady. There was some selling because of fine prospects and, according to the government weekly, the crop enjoyed an exceptionally favorable growing week, while cultivation made good advances in many sections.

Soybeans were very strong at times, with the July delivery leading, but on small liquidating sales, reactions took place, with the deferred months about unchanged.

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FORT WORTH GRAIN AND COTTON EX.

July 3, 1941

There is practically no war news given out relating to conditions on the Russian fronts except by the German and Russian High Command. Therefore, adequate dispatches are few and far between. Nevertheless, the Nazis have made considerable progress during the first ten days of the conflict, and Stalin's admission this morning suggests that Russ losses have been heavy.

However, the grain trade is not paying much attention to these foreign developments, and in fact, with speculation at low ebb, there are very few factors that are being heeded at this time. Normally, anything that would affect the entire future of the world would have its repercussions over here, but nobody can grasp the importance of daily changes, particularly at a time when prices are being held artificially by our government, with probably 70%, or more, wheat going into the loan. We are told that at Kansas City about 20 to 30% of the receipts are coming on the market for sale, and apparently, even these few hedges have been sufficient to take care of the speculative demand, as well as moderate consumptive demand; consequently, there have been no great changes during the last few sessions. Flour business is rather light, and it seems that bakers and commercial users are just taking on supplies from hand to mouth, because most people recognize that present wheat prices are unwarranted and can only be maintained while the government pursues a policy of loaning the farmer more than the grain is worth, in the hope that some day we may have a crop disaster, and thus, the accumulated surplus may go into consuming channels.

In the meantime, those who are trying to carry on a grain business find it extremely difficult to operate, and the machinery which has been built up on this exchange for the past ninety years cannot function while such artificial stimuli are resorted to.

Generally speaking, weather conditions have shown some improvement, and harvesting of wheat is reported over wider areas of the Southwest. Also, we find that wheat in Illinois will soon be ready and June was a favorable month for the filling stage of winter wheat, according to the Illinois report issued by the U. S. Department of Agriculture. The June 15th outlook was for 20 1/2 bu per acre, compared with 19 bu on June 1st, and we believe that next week, receipts at Chicago will show considerable improvement. Northwest crops are also making good progress, and according to Van Dusen-Harrington Company, few complaints have been heard. Of course, wheat is now entering the critical stage; therefore, nobody can talk with great assurance, except that moisture and weather have both been uniformly good up to this writing. Soil moisture conditions continue adequate, and as we observed yesterday, the crop experts increased their spring wheat estimate over the government figure, which is in itself confirmation of an optimistic feeling.

Primary receipts were large, at 3,892,000 bu compared with 2,872,000 bu last week; a year ago, there was a holiday. In addition to heavy receipts at Kansas City, there were also large car-lots at both Duluth and Minneapolis, and while the spring wheat is not moving yet, there is apparently some CCC grain coming to terminals from the country in order to make room for the actual movement of wheat after harvest.

Little attention is being paid to Winnipeg, where, as a matter of fact, there has been trading in futures now for the last two days, but even arbitrage transactions are not attractive, despite the tremendous discount that exists for Canadian futures, since we are not permitted to import, and as far as our competitive export outlet is concerned, it is considered likely that the government will later on do something to push sales through the granting of subsidies.

At the last July wheat was unchanged, while September wheat was off 1/8¢.

Corn was fractionally lower, It is still recognized that the government has tremendous supplies on hand, and crop prospects are favorable. In Illinois, both corn and soybeans made rapid growth during the past week. According to the State report, these crops have come through June with high promise; cultivation has made good progress. Beans were strong.

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CHICAGO July 7, 1941

For the better part of the past year, the mass of investors have red that money in the bank was a more desirable possession than ible assets, such as securities and commodities. The picture has greatly befuddled, with so many cross currents that it has been st impossible to formulate clear-cut policies. Recently, there has some evidence that the ideas of investors are undergoing some ngo.

The fiscal year just ended showed a federal deficit of over $5 lion, or an increase of almost a $1 1/2 billion over the preceding . It is estimated that defense expenditures for the present fiscal will run about $20 billion, which would leave a deficit of $9 lion, based on the latest budget figures. The government's contri- on to the purchasing power of this country is tremendous. It is nd to be reflected in the level of business activity and undoubtedly, re will be further price inflation. While conditions in England are t comparable to the United States, the general pattern under either program of complete preparedness or actual participation in the war ld be somewhat similar. In 1939, the general index of wholesale ces in Great Britain, according to the Board of Trade of the United gdom, stood at 102.8. On April 4, 1940, this index was 132.2, and ry month since, there has been a steady advance, until the latest ures published for April 1941 showed 150.9. In Canada, the advance not been as severe, but the index of wholesale prices in 1939 stood 87.1, while in May 1941, it had risen to 102.2.

Weather in the United States over the week-end was mostly clear the winter wheat states except in the far Southwest, and favorable harvesting operations. Receipts at Kansas City were somewhat dis- pointing, although of very sizeable proportions. There were 1,860 vs. 2,990 cars on the same day of last year. At five other South- ern points, the carlots amounted to 1,759 vs. 2,015 a year ago. increase in farm storage facilities and at country points is having effect on receipts at terminal markets.

Conditions in our Northwest continue highly favorable but have me mixed in Canada. The crop in Manitoba, as a whole, is pro- ssing favorably. In Saskatchewan, the severe heat and drought of ut a week ago has caused some deterioration. Alberta also suffered setback, but this has been relieved by rather recent rains.

Broomhall reports that in Australia prospects are satisfactory the Western section, but in other parts, conditions are quite varia- and that frequent rains are necessary if the crop is to get off to ood start. The Minister of Agriculture of Great Britain is calling n the British farmers to plow up an additional two million acres of in order to bring up the total acreage devoted to food production 6 million acres. Naturally, if their objective is obtained, it will er the import requirements.

Our market responded at the opening to the strength displayed cotton, cottonseed oil, and soybeans. On this latter cereal, there an announcement made by the Surplus Marketing Administration that y were receiving offers for an undetermined amount of ground soy- ns, apparently for export to Great Britain. This naturally fired imagination of the traders, although later it was announced that quantity would only be 60,000 bu. There was some evidence of hedg- pressure in wheat, but offerings were easily absorbed, and the local ment gave good support to the market. At the close, July wheat was /8¢ higher, and September was up 1 7/8¢ a bu.

Primary receipts totaled 6,667,000 bu against 5,771,000 bu last k, and 8,026,000 bu the same period of last year. When the visible ply was posted, it showed an increase of 11,007,000 bu compared with increase last year of 9,723,000 bu, and now stands at 137,725,000 bu, 42,483,000 bu more than a year ago. Chicago stocks decreased 42,000 and are now 8,258,000 bu. Shipments from North America were 64,000 bu vs. 5,193,000 last week, and only 3,185,000 bu a year ago.

Corn offerings from the country remain very light, and producers not as yet seem to be willing to sell in any large quantities at sent levels.

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CHICAGO July 8, 1941

The outstanding development in European news was the announcemnt that the United States Naval forces were occupying Iceland under oders of the President, to keep the sea lanes open for the flow of gods and munitions to Great Britain. The President announced that the frces of the United States would supplement, and ultimately replace, Bitish troops, who have occupied the island for over a year. Under te new arrangement, American merchantmen carrying American crews and fying the American flag could legally take military equipment and suppies to Iceland for transshipment to Britain. This service would redce the distance travelled by British ships for American materials by oer 2,000 miles, and would, therefore, greatly enhance the carrying cpacity of British ships available in the North Atlantic.

According to reports received from Washington, price control lgislation has more or less hit a snag, and many believe that it will b well into the fall of the year before Congress is prepared to support ay comprehensive program covering wages, rents, and prices. The ttempt to make price controls effective means the handling of various isues. Ceilings would have to be placed over wages, which, naturally, ould bring opposition from the laboring element. We have already seen hat suggested price control of agricultural products has brought forth vhement opposition from agricultural groups and Senators. Unless wages, ents, and all costs of merchandise are held within bounds, the so-alled parity price of the farmers' products will rise. Apparently, art of the present farm program has caused a bitter feeling among many armers against the 49¢ a bu penalty on the production of excess wheat. ather large groups in Indiana, Oklahoma, Kansas, and Missouri have een organizing, one such group calling itself the National Wheat Quota rotest Association. Whether any court proceedings will be undertaken o test out the validity of the Act, remains to be seen. We also undertand that opposition is growing in some of the cotton States.

Receipts in the Southwest are still running considerably under ast year. Kansas City reports 755 cars vs. 1,177 cars on the same ay last year, while the combined receipts of Wichita, Hutchinson, Fort orth, Enid, and Salina totaled 872 cars against 1,055 cars a year ago. great majority of the receipts are finding their way either under he loan or going into storage, and it has been roughly estimated that ot more than 15 or 20% of the daily carlots are offered on the cash ables. This naturally has made the hedging pressure lighter than sually experienced at this time of year, and with the advance in the eneral commodity list and some milling demand, it does not seem diffiult to find new buyers to take the hedges. The open interest has hown an increase the past few days. It now stands at 43 1/2 million u, which, however, is very low for this period, with the amount of heat that is in the country. A year ago when the open interest was onsidered small, it stood at 67 1/4 million bu.

Primary receipts were 3,678,000 bushels as compared with ,088,000 bu last week and 4,445,000 bu. for a similar date of last ear. Kansas City and Minneapolis show an increase so far this week f 1,370,000 bu.

Improvement in prices has extended into Canada where some eterioration of the crop has taken place. With the German-Russo war pproaching the Ukraine some fears are expressed as to the dislocation f world supplies, as that section is the largest bread basket of the orld.

Our wheat market again responded to the strength of other comodities as well as a better feeling that seems to be developing in ecurities. Events in Europe lead some to believe that the situation s turning more favorable for the Allied cause. With the lack of any ggressive selling, prices were well maintained throughout the session, dvancing at one time into new high ground. At the close July wheat as 2¢ per bu higher, while September showed an advance of 1 3/4¢ per ushel.

Corn is enjoying a little more attention at the moment. With og prices again advancing to over $11.00 today, the hog-corn ratio is howing very favorable for the feeder, and is over 40% above the verage for 1940. Offerings of corn in the country have picked up lightly on advancing prices.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 9, 1941

Since the week-end of June 22nd, when Germany declared war on Rus-a, the world has been waiting to see whether blitzkrieg activities ould be carried on against a nation of great numerical superiority. rly in the campaign Hitler had promised to announce something that ould stagger the imagination of all nations, but as yet nothing of his kind has been forthcoming. With the Russ armies holding up fairly ell the pressure has at least been temporarily relieved, and some of he pessimists who figured that the capitalistic system would break own if the allied forces were unable to hold out have taken on new eart. This has been responsible,together with inflation talk,for a etter stock market during recent days.

Crop prospects in Canada are not overly bright.The Minister of griculture stated that there would be a cut in acreage of about 37% rom last year; after the close yesterday, the Bureau of Statistics ave the condition of the crop as only 80% of normal compared with 98% the end of May, and at 96% a year ago. Just what has happened to ring about this much deterioration is difficult to state without more omplete reports, although dry weather in the Province of Saskatchewan, ogether with high temperatures earlier in the crop season, may have aken a certain toll from the prospective yield. We would not regard his as being overly serious since the Canadian carryover on August 1st ill probably be in the neighborhood of 500 million bu, which is not nly the largest reserve stock ever carried over from one season to he next, but is about as much wheat as the entire world used tocarry ver during normal times.

When our market opened this morning the first quotations were lightly lower and seemed to be influenced more by a fairly sharp reak in soybeans, which in turn were influenced by lower quotations n cottonseed oil. There is nothing definite, although talk is per-istent that Price Administrator Henderson will soon place a ceiling pon cottonseed oil prices, and it is not surprising, therefore, that ats, oils, lard, etc. are all hesitant until more information comes ut of Washington. Otherwise, there is nothing particularly stimulat-ng in the daily run of news.

Receipts in the Southwest are making a more favorable comparison ith those of last year at Wichita and Hutchinson, although Kansas ity cars were only 888 today vs. 1,396 a year ago, and the bulk of he grain that is moving to terminals seems to be going into the gov-rnment loan with only about 10% or 15% of the present receipts rep-esenting free wheat. This naturally makes for very little pressure, ith the mills able to absorb the wheat that is coming in, so that no rastic breaks are to be expected unless the farmer either markets on heavier scale than up to the present time, or unless some of the overnment-owned grain, which was impounded during the last crop sea-on, would be offered for sale; we hardly believe that the latter is eing considered unless prices should reach about the $1.15 level.

Generally speaking, crop news in this country remains highly fav-rable. The Illinois report issued this morning claimed that the pros-ect for a good winter wheat crop had been maintained, although qual-ty was somewhat uneven. More important now is the development in the pring wheat areas with Cargill's resume stating that some people till fear that such an excellent prospect just cannot possibly be aintained, although at present spring wheat continues to improve.They urther claim that with almost ideal weather and no hot winds such as ere experienced in early July the past two years, and with abundant oisture, farmers express the sentiment that a bumper crop is practi-ally made.This being the case Minneapolis futures remain at a very arge discount under Chicago, even before the weight of their move-ent is being felt.

Primary receipts were heavy at 4 1/2 million bu, which was about he same as last year, and compares with 3,643,000 bu last week.Kan-as City and Minneapolis stocks for two days show a total increase of early 3 million bu.

With no follow-up buying orders the market sagged of its own eight, and at the last July wheat showed a decline of 1 5/8¢ a bu, hile the September future was 1 1/4¢ lower.

Corn was fractionally lower and crop news was extremely favorable. xceptional growth was reported during the past week over most of the elt; many of the earlier fields in Central and Southern Illinois are eginning to tassel.Soybean growth has also advanced, and the crop rospect seems to be the best in years. UHLMANN GRAIN CO.

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CHICAGO, July 10, 1941

The war between Germany and the Soviets has now been going on or eighteen days, and while each side is probably making excessive laims as to their respective accomplishments, it is a fact that the azis have been halted on several fronts, pushed back on others, and eanwhile, the Red forces have bombed some of the Rumanian oil fields. any reasons have been advanced for Germany's sudden and unprovoked ttack on the Union of Socialist Soviet Republics. Probably the most ccurate belief was that Germany had as its objedtive the wheat of the kraine; also, the oil from Caucasus, butin any event, after nearly wo years of war, it is probably a fact that Germany has eaten pretty largely into the reserves of grain that were built up before the war. he past winter was not too satisfactory for crops in Europe, having een severe and prolonged, and the chances are that Germany did not are better than other countries on the Continent. For many weeks ast, there have been complaints of unusually low temperatures and lack of sunshine, although recently some improvement has taken place. In any event, owing to the comparatively unsatisfactory season, roomhall points out that it will be impossible for Germany to obtain upplies of bread grain next season from any of the countries now nder her domination, or at least, if there are minor quantities to e furnished, they will be meager and inadequate. Hitler's bid for wheat in the Balkans has also failed completely.

At the moment, war news is having very little effect upon our markets; in fact, fluctuations here are in sumpathy with many unrelated commodities, such as soybeans and cottonseed oil. Despite the fact that ceiling prices are almost definite now for cottonseed oil, that market was rather stubborn at times this morning. After an early decline small advances took place, and as a result of this situation local traders were rather bullish and operated accordingly. They were helped at periods by a fair amount of mill buying, which meant the removal of hedges from our pit, with pressure from the moving crop exceedingly light.

There are some markets in the Southwest, notably Kansas City, that are gradually filling up. Last night, there was about 2 to 3 million bu of room in public elevators, taking into account the grain now on track. There were a good many cars that were being carried on demurrage, and the notice put out yesterday by the officials of the Kansas City Board of Trade was simply a warning to country shippers. Today, nearly 1,200 cars of wheat have arrived at Kansas City, and they are just starting to get wheat from northwestern Kansas and from western Nebraska and Colorado. It is a most unusual situation that with storage space so largely filled actual pressure upon the market should be inconsequential, but this is attributable almost entirely to the present method of marketing and to the high government loan.

After the close of the market today, a government report will be issued, and possibly some further reductions in winter wheat from the June 15th estimate will be made; but yet, it is almost a certainty now that we have raised very large crops. Even in Nebraska, the returns are somewhat better than had been expected earlier, and the present level of prices is not in accordance with the laws of supply and demand, but rather in accordance with the amount of free wheat that is available.

Statistics had very little influence on the market. Nevertheless, the primary movement was very large, with receipts amounting to 5,105,000 bu vs. 3,892,000 bu last week and 4,691,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 4 1/2 million bu, and it is a foregone conclusion that we shall have a large increase in the visible supply next Monday.

At the last, both July and September wheat were unchanged.

Corn was fractionally lower and declined even before the leading cereal broke. It seems that the CCC is preparing to move large amounts of Iowa corn to Chicago. Beans broke during the last hour of trading. There was liquidation of July contracts, and it is assumed that heavy tenders may follow. Also, the late break in cottonseed oil was a factor in causing local operators to even-up commitments.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 11, 1941

After the close of the market yesterday, the July government report was issued, indicating a total winter and spring wheat production in this country of 923 million bu. This is the fifth largest crop on record. Owing to deterioration in the Southwest there was a slight reduction in the winter wheat estimate, although it was more than offset by the fine prospects of the spring wheat crop. In our opinion, wheat presents the most bearish statistical position that has ever existed. With a carryover of nearly 400 million bu.,and chances for export very poor, we should not be at all surprised to see reserve stocks one year hence at close to 600 million bu. This is something undreamed of in the past, particularly as a carryover of 150 to 175 million bu would probably be adequate, even taking into account increased population. The prospective crop of 923 million bu compares with 910 million bu for the official June report, and a crop last year of 816 million bu. The ten-year average gave us a total production of only 747 million bu. Thus, it can be seen that we are now contending with tremendous supplies, particularly since the high loan program has caused larger accumulations from past crops than ever before.

Despite all the developments overnight, first quotations were rather steady, and of course, there are so many artificial stimuli at play that many traders figure that wheat will not sell at very low levels this year, owing to the fact that about 80% of the grain now moving is going into the loan; therefore, hedging pressure is not likely to be large enough to cause any drastic downward trend.

On the other hand several markets in the Southwest are beginning to feel the weight of this movement, and already a partial embargo has been placed upon Kansas City in order to avoid congestion. The rated capacity of public elevators in that market is 45 million bu.** According to figures which were compiled by an official committee, there was total grain in public elevators and on track waiting to be unloaded of about 42 million bu. So apparently there is not much empty space in public houses. There were probably 300 to 400 cars being carried over on demurrage last night, but yet, there was a good demand on the part of local mills for the small amount of free wheat that was coming to that market; premiums generally were unchanged. We understand this morning that St.Joseph, Missouri, had also placed a partial embargo upon its market. Thus, storage space may be at a premium before long, and might even alter the farmers' marketing psychology, because if he is unable to move grain to satisfactory terminal space, he might be inclined at these prices to offer more of his wheat on the market.

Primary receipts were quite heavy at 4,456,000 bu compared with 4146,000 bu last year; a week ago, there was a holiday. Kansas City and Minneapolis stocks so far this week show a total increase of 6183,000 bu. We expect a fair-sized increase in the visible supply next Monday, but not as much as last year, when total stocks rose 1 3/4 million bu.

At about mid-session, Donald Nelson, Director of Purchases, predicted that there would be a shortage of food, as well as of essential defense materials, before the preparedness program reached a peak. He said that we have been accustomed to thinking of abundance but will find shortages in many important lines. This undoubtedly had some influence upon the market, short covering set it, and there was also some investment buying, with the result that a sharp rally took place from the low price established earlier in the day. July wheat was relatively weaker than other futures and closed unchanged, while the September delivery advanced 1/8¢.

Corn was little changed. The government report, indicating a crop of 2,548 million bu.,did not have much influence upon values. There were also increases in the estimates of oats and rye, and on the whole, the crop outlook is optimistic. So many artificial stimuli are at work that traders are having a difficult time to analyze events in the light of former equations.

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** Our guess is that private storage amounts to about 17 million bu.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 14, 1941

There was very little grain news over the week-end. Heavy fighting continued on the Russian fronts, with both the Soviets and Nazis claiming large casualties of men and materials. Early today, Mr. Churchill spoke from London, declaring that the British were now bombing at a heavier rate in discharge of bombs than Germany at any monthly period had bombed them. He also stated that as the nights lengthened that unhappy province of Germany, which used to be called Italy, will have its share of bombings.

The war news had very little influence upon our market. First prices were slightly higher after an announcement had been made from Washington that government loans on stored wheat defined as "excess" under the marketing quota provisions would be extended to April 30, 1943, which was one year beyond the present maturity date on all of the 1941 wheat loans. We did not see why this statement should have been much of an influence, and apparently we were correct, because later on when Minneapolis futures went to a discount of 6¢ under Chicago, which was the widest on the crop, prices here declined and new buying power was apparently limited.

In the Southwest, receipts were posted and showed that Salina, Hutchinson, Fort Worth, Enid, and Wichita had received 1,693 cars of wheat compared with 1,128 cars a year ago. At Kansas City, where there is a partial embargo, there were 1,343 cars against 1,483 cars last year. Thus, with a crop in Kansas of 182 million bu., there seems to be a tremendous movement under way, and of course, many farmers, who want to take advantage of the loan, are trying to get their grain into terminal space and gradually the latter is becoming very scarce. In fact, in isolated cases, elevators are not in position to take on any additional storage. While a few areas had further interruptions last week, because of heavy rains, most sections were busy, and cutting was practically completed in Missouri at the middle of the week, and was making rapid progress in the Great Plains as far north as Nebraska. As a matter of fact, harvest was in full swing in southeastern South Dakota and had started as far north as the northeastern counties.

On Saturday, the open interest in wheat increased 578,000 bu. with all open contracts slightly in excess of the 45 million bu.mark. This undoubtedly represents additional hedges that have to be absorbed, and we noticed this morning that mills were on the selling side of the market, apparently having bought cash wheat over the week-end in excess of the flour demand.

World shipments were about in line with last week, and slightly larger than last year. North America placed 6 1/2 million bu. of wheat and flour afloat. However, there is very little attention being directed to this factor, while in normal times it is very important.

It was interesting to hear that Washington conversations were slightly in an inflationary direction. With our monetary problems it was revealed that some inflation had already started, but most officials expected the government to intervene at some politically feasible time. Whether an over-produced commodity will benefit to the same extent as other articles remains to be seen. We consider the present price of wheat already pretty well inflated, owing to the high loan policy.

Primary receipts were 6,415,000 bu.versus 6,667,000 bu.last week and 6,217,000 bu.last year. When the visible supply of wheat was posted it showed an increase of nearly 20million bu. Total stocks in all positions amount to 157 1/2 million bu. which is nearly 45 million bu.more than was on hand a year ago. Northwest receipts were heavy and only a small percentage of the arrivals consisted of C.C.C.holdings. With the great weakness in the Northwest it finally influenced our market, July wheat closing 7/8¢ per bu.lower while the September delivery was off 1¢.

Corn was indifferent but buying power was lacking, and despite some reported sales to the United Kingdom, the close was barely steady. It seems that whatever demand for cash corn springs up is easily met from the accumulated supplies of the Government.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 15, 1941

There is nothing decisive yet on the Russian war front. Even assuming that the Germans might finally seize the Ukraine, it would only be about 5% of the total land area. If Germany could have gained a quick victory, Russia might have been unable to destroy much of the new crop, which was in the green stage, but each day now brings the harvest closer to maturity.

Our market was more or less influenced by reports from the Southwest, indicating most unusual developments in the stoppage of the movement to certain terminal points. We believe that this season will long be remembered, particularly as much of the confusion has been brought about by the government's plan for the handling of the crop. While the season is still quite young, enough has already happened in a comparatively short space of time to prove that this year is entirely different from anything else that has ever occurred before. Ten of the larger railroads at Kansas City placed an embargo on all grains shipped to Kansas City for storage, and there were indications hat similar action would soon be in effect at Hutchinson, Wichita, alina, and St. Louis. There seems to be a shortage of available torage space, and many farmers who realized that this was a very large crop tried to get their supplies to terminal points in order to obtain oans. Hence, there was a great rush, and since we are probably over 0¢ above an export parity, there is no help in getting supplies out f the country as has generally been the case during July, August, and September. Furthermore, the high loan plan of last year has given us the largest carryover reserve supply that the country has ever witnessed, and thus, many of the elevators were pretty well filled before the new grain was ready for harvest. Even with the frequent interruptions in the movement by rainy weather that held up marketings, the situation has not been materially helped, and nobody can foresee what will happen during the remaining weeks until the peak of the movement is passed.

With present prices considerably under loan levels, naturally compliance farmers are hesitant to sell their wheat on the market on a heavy scale, but yet, this may become more of a necessity, as even in the Northwest, there is only about 37 million bu of empty elevator space at Superior, Duluth, and Minneapolis combined. We are told that yesterday about 900 cars of wheat in Minneapolis were offered on the free market, and some dealers who made purchases there are somewhat reluctant to place their hedges in Chicago. There is even a chance that our market may become embargoed later on, and if the wheat has to be shipped here for delivery purposes, with the railroads unable to bring it in, nobody can tell what emergency action will have to be adopted to overcome such an obstacle. This has never before been a problem.

Tuesday receipts were well maintained in the Southwest, Kansas City receiving 323 cars vs. 441 last year, while Enid, Hutchinson, Salina, Fort Worth, and Wichita had a total of 556 cars, compared to 513 cars a year ago. Minneapolis receipts were again large for this time of the year: namely, 624 cars. For the moment that market is strictly a buyers' one, mainly due to the lack of storage space. Primary receipts totaled 4,041,000 bu vs. 3,687,000 bu on the same day last week, and 3,773,000 bu a year ago. So far this week, Kansas City and Minneapolis stocks show a combined increase of 2,072,000 bu.

In the early part of the session, hedging sales were in evidence, and also, selling on part of several of the locals, but the market found fair support on the breaks, and was later helped by the strength in soybeans. At the close, July wheat was 1/8¢ lower, and September unchanged.

There seems to be a little more inclination on part of the traders to take some profits in soybeans and in lard, although soybeans recovered all of their loss and closed actually higher. Corn moved in a rather narrow range, with no particular feature.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 17, 1941

Those in the grain trade whose experience runs back beyond the past four or five years well remember that for a period extending into the last century, the private grain trade handled the wheat production for the farmer and marketed it in an orderly manner.At times, naturally, the farmer was not satisfied with the price he obtained, but over a period of years, farming must have proved satisfactory, as new lands were opened and the number of farms increased.

This year under restrictions and new laws, with the large crop to be moved, the trade is more or less paralyzed, and the greatest confusion exists in the mind of the trader, who has usually been called upon to carry the burden of the hedges. This is not surprising in view of many existing conditions: First, the difficulty of finding adequate storage facilities for wheat that is going into the loan rather than into consumptive channels. Secondly, the continual discussions regarding price-fixing and ceilings. In this connection, we note that Congressional leaders are working on controlling prices and rents but are totally eliminating wages and salaries from price control. This in our judgment will work great hardships and will not finally accomplish its supposed purpose. Thirdly, today an article appears that a request was made by Mr. Mehl, Chief of the Commodity Exchange Administration, asking all exchanges to consider adopting a uniform margin requirement: namely, 15% of the value of the futures transaction. On the present value of wheat, this would mean between 15 to 16¢ a bu. This would undoubtedly work to the detriment of the grain futures market, and we do not see why so much attention should be paid to this phase, as with a carryover of around 395 million bu and a prospective total new crop of 923 million bu, the Chicago open interest in wheat last night stood at only 49 million bu, a ridiculously low figure for the amount of wheat carried in the United States, and shows conclusively the dearth of any large speculative interest.

Going back many years to the agitation of the McNary-Haugen Bill, we have always opposed artificial methods, but as an emergency exists now, part of which is due to past programs, and practically all export markets closed, believe aid could be given to the farmer from such a scheme as the Certificate Plan on domestic consumption, which would be a much less costly program for the government, and with a free futures market would permit the millers, and the grain trade in all its ramifications, to properly function, and to survive, while under present conditions private industry is being slowly strangled. Furthermore, it would control the price to the consumer.

Conditions in our Northwest remain almost perfect. Van Dusen-Harrington Company comment as follows: "Anxieties which ordinarily accompany the approach of harvest are singularly lacking this year. While it is true that the brief period between the present and the actual cutting of grain is filled with many possible hazards, the immediate prospect furnishes less cause for fear than in many years. There is ample moisture for the completion of the small grain crops, and the cool weather has minimized the usual hazards." Canada has been experiencing some warm weather, and there were some fears felt that this might work down into our Northwest, but the weather prediction does not bear out same.

Carlots in Kansas City showed quite a decrease: namely, 277 cars vs. 703 cars last year, but this is no doubt due in part to the fact that unless storage facilities have already been providedfor, the railroads are only accepting shipments to be put on the free market. Five other Southwest points received 622 cars against 508 cars last week. Chicago receipts totaled 358 cars.

From August 1, 1940 to July 11, 1941, with only three weeks more to go for this season, Canada's exports of wheat and flour totaled 208,621,730 bu, or 24 million bu more than the same period last year, but leaving a balance for export and carryover of approximately 511,500,000 bu, an increase of 194 million bu from last year.

Primary receipts were 3,415,000 bu as compared with 5,105,000 bu last week, and 3,833,000 bu the same date of last year. So far this week, Kansas City and Minneapolis show an increase of 4,214,000 bu.

(O V E R)

A somewhat bearish carryover feeling from last night resulted in some selling at the opening. The market ran into stop-loss orders and support was lacking throughout the entire session. This was also somewhat accentuated by the weakness of beans and lard. There was no particular evidence of milling business, although Kansas City reports that about 200,000 barrels of flour were sold in the Southwest, and hedges lifted in that market. At the close both July and September wheat were 1 7/8¢ lower.

Interest in corn was again rather light and the fluctuations continued over small range. The weather in the corn belt remains most favorable.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 18, 1941

Reports from the Eastern front still remain very mixed, although undoubtedly the Nazi drive has gained ground during the past four or five days. The Germans claim to have captured Smolensk, a very important rail center, but on the other hand, the Russian High Command indicated today that the Red Army for the fourth day is holding off a decisive German attack in that sector, and Soviet troops are still entrenched in their initial positions. Regardless of whatever headway has been made, the fact must not be lost sight of that the Nazi drive is behind schedule and is paying a terrific price in casualties and loss of war materials for whatever advantages they may have gained.The sacrifices made may be a big factor in the slowing-up of further striking power.

Some concern is being expressed over continued high temperatures and lack of rain in certain sections of the Canadian provinces.Prospects are being well maintained in Manitoba, but undoubtedly parts of Saskatchewan and Alberta are suffering some deterioration. Extremely warm weather prevails over part of our own Pacific Northwest, and has extended into Montana and parts of the Dakotas. Our spring wheat crop is within about two weeks of harvest, and it remains to be seen whether any damage will take place in the interim. The wet weather of June and the cool weather of early July got this crop off to a very good start. While some damage might occur prior to harvest, prospects at the moment are most favorable. According to the figures of the U. S. Department of Agriculture, precipitation in Minnesota, South Dakota, and North Dakota for the period April 1st to July 15th, has been well above the averages reported for the years 1940 and 1939, while Montana shows a slight decrease in moisture this year against the two previous seasons.

Further attention was directed to the congestion which exists at almost all terminal markets by a statement issued yesterday by the government-appointed Chicago Area Grain Storage Committee. They warned wheat shippers not to load cars consigned to Chicago without first ascertaining whether proper space is available for unloading upon arrival. In Kansas City, the government is moving about one-half million bu wheat with the understanding that the storage space made available would be used to take in wheat that is now standing on track and subject to demurrage charges. This will undoubtedly help to relieve the situation in that market.

The problems confronting agriculture are not confined to the United States alone. With exports of Argentine corn practically at a standstill, the Grain Board of that nation is selling corn off the farms for use as fuel. Not only is this being sold to the individual users, but the railroads in order to conserve their limited supplies of coal are buying corn on the cob for this purpose.

Primary receipts were 3,204,000 bu against 4,456,000 bu last week and 4,101,000 bu same day of last year: Minneapolis and Kansas City show an increase so far this week of 5,095,000 bu.Carlot receipts in Kansas City were only 225 vs. 707 a year ago, but in five other reporting markets of the Southwest, the receipts today were 595 cars vs. 532 a year ago. Minneapolis again had rather large receipts: namely, 452 cars, of which only about 71 were for the CCC. In canvassing that market we find that many of the line houses expect this movement to keep up for some time, as a large percentage of the country points is shipping in old wheat in order to make room for the new crop. This naturally has had a depressing influence, although today the offerings met with a little bit better mill and elevator demand. We have just received information that one authority, who has completed a trip in the Northwest, found the crop looking wonderful, but believes that after a week of the new movement, everything will be plugged up.

News in this market was more or less of a routine matter. There was some evidence of hedging, also some evidence of mill buying, but neither in very significant quantities. Trading was rather quiet,although on the early declines offerings were well taken. Liquidation of July holdings caused that future to lose on September. At the close July wheat was 1/2¢ a bu lower while September was unchanged.

Overnight the Government announced the purchase of 7,227,136 lbs of lard, which steadied that market. Trading in corn was again rather listless with no new feature in the market.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 21, 1941

The marketing of grain has been considered in all countries and in all times as a matter of grave public concern. During the past century, the Chicago Board of Trade has improved so in efficiency and development that its importance in the distribution of food supplies can scarcely be doubted, When any market is free, open, and competitive, it makes an automatic adjustment of production to consumption. The only fair price is the equilibrium price, which moves the whole crop into consumption without a shortage, and without an excessive carryover.

Whether the organized grain exchanges of the country will be able to survive the many artificial remedies, remains to be seen. The high loan value is not a solution to the farmer's problem. True enough, it has temporarily given him relief; but it has also caused the tremendous piling up of surplus stocks, with the carryover last July the largest on record; and we now have reason to believe that one year hence, we may have reserve supplies of nearly 600 million bu. Thus, it merely delays the day of reckoning. While the congestion at terminals is unprecedented, with many markets being embargoed, which seldom before occurred in the history of the country, it is quite obvious that the grain trade had to be called in to find ways and means of helping out the Agricultural Department, whose program was responsible for the uneconomic accumulations which have been brought about.

At the present time, some of the storage space which had been reserved for the soybean crop later on is being filled up with wheat. For a while this affords a breathing spell; but since the wheat will probably remain in storage for a long time, it simply complicates the situation in other fields at a later date.

With shortage of storage space, and particularly accentuated on the Pacific Coast, plus a lack of demand for hard winters, we are told that grain out there is selling in Portland 25¢ under the loan price. Thus it will be seen that the present method of handling farmers' grain is causing great distortions. Crowded storage conditions, and requests of grain exchanges in the Southwest to stop shipments, may have reduced the arrivals to some extent, but yet, Wichita, Enid, Fort Worth, Salina, Hutchinson, and Amarillo had 1,404 cars in today compared with only 665 cars last year. Kansas City, which has a virtual embargo on storage wheat, had 432 cars, while a year ago there were 1,078 cars.

With this situation, it was not easy to find new buyers, and despite the fact that cottonseed oil and cotton advanced in the early trade, there seemed to be a little profit taking, while new buyers were hesitant. Toward mid-session soybean prices weakened, and with the fear that storage space which was being held for beans is now being used for wheat, some are of the opinion that when the bean harvest is over, sales to market will be heavy, particularly as a large acreage will undoubtedly be harvested, whereas when the price is lower a fair percentage is cut as hay for feeding.

Shipments from North America were somewhat smaller this week, at only about 5 million bu compared with 6 1/2 million last week, but in 1940, same day, clearances amounted to only slightly over 2 1/2 million bu. Since the 1st of July, total world's wheat and flour shipments are about 4 million bu larger than in like period of the season before.

Primary receipts, while smaller than last week, amounted to 4,603,000 bu, which was about the same as last year. The visible supply showed an increase of 19,253,000 bu for the week, with total visible stocks amounting to nearly 177 million bu, or 44 million bu more than was on hand a year ago. At Chicago, our local stocks increased nearly 2 million bu. There is close to 11 million bu now in store here. Minneapolis had over 1,000 cars of wheat and their market was weak at times.

Without much feature there was a decline of 1/8¢ per bu in the July future, while September wheat was down 1/4¢.

Corn was fractionally lower. The crop as a whole continues to make good to excellent progress, with moderate temperatures last week, and ample moisture in most sections. Almost all crop comments are favorable. The situation remains highly artificial. The visible decreased 778,000 bu last week.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 22, 1941.

Late yesterday the government issued its official mid-July report on spring wheat prospects, and we can now look forward to a crop in the Northwest of around 265 million bu. Unless something happens from now until harvest, which will soon be at hand, we shall have one of the largest yields in recent years. The average crop up there for the past ten years amounted to 192 million bu. As far as the winter wheat crop is concerned, it is practically made now, and according to the last government report, indicated production was 682 million bu. This crop also turned out unusually well, and we call attention to the fact that the sown acreage was only 46,271,000 acres. Of course, the abandonment was not particularly large, having been given at only 12.9% compared with 18.6% the ten-year average. Therefore, it is quite obvious from the above that both in the Southwest and in the Northwest the yields were way above expectations.

This also shows how difficult it is for any government to try to plan crops too far in advance, although in a general way bumper yields are probably just as rare as are crop failures. Nevertheless, both have to be dealt with from time to time, and will, therefore, upset the applecart when we are trying to produce just about enough for our domestic consumption. As a further illustration of how difficult it is to figure on Nature, we call attention to the United States General Crop Report, which was issued as of May 1, 1941. At that time, they figured tentatively on winter wheat production of about 650 million bu, and stated that we might raise anywhere from 180 to 200 million bu of spring wheat, but in no case did anybody look for total supplies to exceed 850 million bu. Therefore, one may only conclude that excellent weather and soil conditions, even admitting excessive moisture in Kansas, Texas, and Oklahoma, have finally resulted in a crop which is about 100 million bu larger than the General Outlook indicated last May.

It is not surprising under these circumstances that storage space should be taxed, and while the grain trade is being blamed for not furnishing enough empty room to the government, it was certainly not their fault that crops produced so well on just a moderate acreage. In trying to look at the grain situation objectively, but from point of view of many years' experience in the business, we would suggest that the government might have done much better had they simply given the farmers an out-and-out bounty payment, without imposing the various restrictions, which have been responsible for cutting down our domestic consumption, and which over a period of time have prevented shipments to other countries. Fully mindful of how difficult it is to export at the moment, there were many opportunities overlooked because there was a reluctance in making the subsidy high enough to effect foreign sales. In other words, the government wanted to make a showing, but during this whole period billions were expended, and yet the accumulations have grown as never before.

The first car of new wheat was reported received at Minneapolis, but even before the spring wheat crop is available, receipts have been well maintained, and today, for instance, Minneapolis had 623 cars in that market, of which about 473 cars were claimed to be free, while a year ago, receipts amounted to only 94 cars. The Duluth proportion was equally favorable, with 408 carlots compared with only 27 cars in 1940. Thus, there seem to be very few holes to fill in for the immediate future when the new crop starts moving in earnest.

Primary receipts were about 3 1/2 million bu, or practically the same as last year; this compared with 4 million bu a week ago. Kansas City and Minneapolis stocks so far this week show a total increase of 1,153,000 bu.

Our market was firm during most of the session. Renewed strength in cotton, and also a better undertone to the stock market lent greater enthusiasm, although trade was rather light. Some hedges were removed with a slight improvement in the milling demand. At the last September wheat was up 1/2¢ per bu, while the December delivery advanced the same.

Corn was a shade higher for the deferred months. There is no special interest at this time, and we note that again yesterday trade in all three futures amounted to only one million bu. Considering that a part of this trade was against cash transactions, it left very little for the speculative element.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 23, 1941.

It has been apparent for some time now that the large winter wheat movement has brought very little hedging pressure to any of our domestic markets. It is a rather peculiar situation, with storage space almost at a premium, that there should be so little wheat for sale. Yet this can all be explained by just recalling that even last year with the loan price much lower than the present one, very heavy impoundings took place. We are told at the present time that many country stations in the Southwest are only buying about 10 to 20% of their receipts, while the balance of the wheat goes into the loan. This, of course, suggests very strongly that after the movement subsides (and we refer also to the spring wheat movement) that gradually prices may stiffen until the loan level, plus accumulated charges, will be reached. In other words, there is sufficient free wheat for the time being, particularly when we take into account that 200 million bu free wheat, or a little more, was carried from previous crops, but gradually we shall be eating into our reserves.

This has been the basis for some of the buying recently, although it has been on a rather small scale. A sudden buying spurt this morning may have resulted when the Northwestern Miller issued some figures, reporting the highest flour sales to-date of any week for the Southwest. It seems that these mills handled 216% of capacity this past week compared with 148% the previous week, and only 118% a year ago. The ratio in the Northwest was not quite so good, with spring wheat bookings reaching 93% of capacity versus 120% a week earlier, and 75% in 1940. However, it must always be borne in mind that the same psychology which confronts the speculator, also must be recognized by bakers and industries. In other words, later on, with such large quantities of wheat frozen, they may have to reach up, and thus pay the price which will be necessary to get the grain from the impounded stocks back to private channels.

The overnight grain news was not far different from anything which we have had recently. There were some fine rains in parts of the corn belt, with more likely; this had a little effect when our market opened. Another influence was a rather sharp break in cotton and cottonseed oil prices. Later on, however, it was found that the northwestern carlot receipts of wheat were lighter, with Minneapolis and Duluth having 593 cars in those two markets, versus 763 last week, and 108 last year. The tenor of the news from the Northwest was not quite so depressing from point of view of holders. Of the 391 cars at Minneapolis, about 100 represented CCC holdings, and for the balance, it was apparent that mills and elevators were bidding a little more actively, although the local basis was about unchanged. The undertone seemed to be a little sounder.

From a statistical point of view there is no important change anywhere. The Canadian visible supply is still 461 million bu compared with 282 million bu last year, but less attention has been paid to this factor of late, as the condition of the growing crop is only fair, and with a small acreage not a particularly large crop is in prospect.

The primary movement was moderate, at 3 million bu, and in that respect hardly differed from receipts last week or last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,866,000 bu.

With very little opposition, locals and investment buyers were able to get prices up on moderate purchases; trade may have been a little heavier than yesterday when the volume was only slightly over 11 million bu. There is also a slight increase in open contracts, which last night stood at 51,634,000 bu. This apparently shows that as the few hedges come in they are being easily absorbed by speculators. At the last September wheat showed an advance of 3/4¢ per bu, while the December future advanced the same.

Corn was steady, but there was no particular feature to this market. It seems that weather for corn and soybeans is about all that could be expected; the crop prospect is the best in years, with the development of these two cereals about 10 days to two weeks ahead of normal. A large part of the corn in central and southern Illinois is now nearly full height. According to the government, the supply is expected to approximate 3,200 million bu, including the carryover.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 24, 1941.

It is too early to reconstruct the statistical picture of wheat that may be used as a pattern for the entire crop year. First of all, we have not been given the official carryover as of July 1, 1941, although for the present let us assume, conservatively, that it will amount to 390 million bu. Let us also use the July estimate for the winter and spring wheat crop, which was 923 million bu, even though subsequent events have shown some improvement in the Northwest. On this basis we started the present season with total supplies of about 1,313 million bu. According to the Department of Agriculture, prospective utilization will be only 650 million bu, and in their calculations they apparently use a smaller figure for seed, owing to the fact that acreage will be cut, and they also believe, and we concur in that, that the feeding to animals will be considerably smaller than normal because of the very high prices that prevail. Having surrounded ourselves with a number of "ifs" and "ands", the balance available for export and next carryover should be about 665 million bu. Since the 1st of July actual exports of wheat and flour have been extremely small. During the first week of the crop season, shipments were about one-half million bu, but have only averaged about 200,000 bu a week since that time, with the result that we still have about 662 million bu as a reserve supply; and there seems to be, in our opinion, little hope that we shall ship anything like 60 million bu between now and next harvest. Therefore, we are bound to have a tremendous carryover finally, something never before attained. The amount of wheat will be almost enough to take care of our domestic consumption for one year without raising another bushel.

Things are happening in the grain trade hitherto unknown. It was just three or four days ago that the first car of new wheat arrived at Minneapolis, and after the close yesterday, an embargo on storage grain was reported in that market before the crop had even moved. We understand that the congestion in the Northwest has become so severe that the entire Minneapolis, Duluth, and Superior area has refused shipments of grain intended for storage. How this will finally be settled remains a question, but the trade is less concerned with the shortage of empty space, owing to the fact that the bulk of the farmers are eligible for the loan, and even if they have to keep their grain on the farm for a time, it will not necessarily mean that their shipments will press on the market, and that any distressed sales are likely to take place. The peak of the winter wheat movement is now passed, and not much hedging was encountered; at least, the milling demand has pretty well kept pace with offerings of free wheat.

When the world's wheat season is completed on August 1st, we expect that total shipments of wheat and flour will be about the smallest in the last century. For fifty weeks, they amounted to only 315 million bu, exclusive of what Australia may have put afloat.

The trade was encouraged by the early strength in Minneapolis, and there seemed to be a much better class of speculative buying up there, together with some removal of hedges against flour sales. Minneapolis receipts were 350 cars, and about 100 of these were for the CCC. Elevators which had any space were in the spot market, with cash wheat quoted steady to 1/2¢ higher.

In the Southwest, the movement is still pretty large for this date. Enid, Fort Worth, Wichita, Hutchinson, and Salina combined had 534 cars of wheat versus 211 last year; even Kansas City, which was partially embargoed, had 281 cars compared with 339 a year ago. Our primary movement amounted to 2,673,000 bu; this was slightly smaller than last week, but a shade better than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2,216,000.

Trade was not particularly active; the volume was probably smaller than yesterday, when there was 17 million bu of wheat for the three deliveries. May wheat was quoted for the first time, and was only at a partial carrying charge over December. The September delivery at the last was 1 3/8¢ per bu higher. There was some buying by cash houses and locals, while pressure remained light. The December wheat was up 1¢.

Corn was fairly firm, and was influenced by very high temperatures over much of the belt. Unless there is relief it is feared that some damage will occur, but up to now crop developments have been almost perfect.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 25, 1941.

Total trade in the wheat pit yesterday amounted to 13,383,000 bu. Considering that this is the month of July, and that we have raised one of the largest crops on record, it is quite obvious that the system of marketing crops has undergone great changes from previous years. Few people outside of the business appreciate that the trading on the floor of the Chicago Board of Trade, or for that matter on any organized exchange, is in letter and in spirit a great auction open to the whole world where buyers and sellers in nearly equal numbers make their daily bids and offers. This situation is best appreciated by contrasting the grain trade with other important trades, such a oil, lumber, steel, and tobacco, etc., where no organized exchange trading functions. There is little room for doubt should the Grain Exchanges be abolished, or be curtailed because of government intervention, that the business would be very rapidly centralized in the hands of a few powerful people, or else entirely under Federal control. They alone would be the buyers. They would declare the margins on which the farmers' grain would be handled, as, indeed, was the case before the exchanges were able to curb them. At the present time, speculators by the thousands, who live all the way from New York to San Francisco, and from Winnipeg to the Gulf of Mexico, not to speak of those in foreign lands who in peacetime do business here, form the nucleus of a trade too widely scattered and too independent to be controlled. At least, this is the case so long as the market remains free and open to them. It has always been a fact that the many small men curb the few big ones.

At the moment, prices are not responding very much to the laws of supply and demand --rather, our price is gauged by the amount of free wheat that is available. Secretary Wickard has recently claimed that, owing to the large quantities of wheat on hand, farmers would have to curb their operations. Whether his warning will bring that about remains to be seen. History has shown that the best control was through the free operation of competitive forces. In other words, a price that was too low would not maintain production, while a price that was too high would not maintain consumption.

There was very little news overnight. Carlot receipts in the Northwest were heavy, with more than a thousand cars at Minneapolis and Duluth, compared with 677 cars last week and only 133 last year. In spite of this, Minneapolis was quite strong early and the present heat wave is forcing the maturity of all grains, and it is thought may shrivel kernels of the late sown crops. But in addition to this factor, there was a fairly good milling demand, with hedges taken out of the pit. Therefore, the first strength in the Northwest was quickly reflected here, and speculators who have been a little bullish because of the artificial situation added to their commitments.

Primary receipts were 3,463,000 bu compared with 3,204,000 last week, and 2,384,000 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2,690,000 bu. We should have a fair-sized increase in the visible supply on Monday, although retarded because of the various embargoes; a year ago there was an increase of 13 1/2 million bu.

There is still very little pressure upon the market, although Southwest receipts keep up pretty well; at Wichita, Salina, Hutchinson, Enid, Fort Worth, and Amarillo there was a total of 632 cars versus only 212 cars in 1940. Those who are long cling to the idea that somehow the spring wheat will finally find a lodging place, even though space is pretty well occupied at present, and that farmers will avail themselves of the government's benevolence. Therefore, actual sales may not be large. It is somewhat of a guess, however, as to what may happen to grain in the case of farmers who do not have storage suitable for taking care of the wheat in rural districts. This being the case, some of the Northwestern houses seem to be putting their hedges back into Minneapolis and taking them out of Chicago.

At the last September wheat was unchanged, while the December delivery was down 1/8¢.

Corn was steady, but did not respond to the heat wave over the belt; some feel that higher temperatures are desirable and that unless warm weather continues for an indefinite period there will be no great amount of damage. The government keeps selling its accumulated supplies.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 28, 1941.

There was not much grain news over the weekend. It made little difference whether a person lived North, South, East or West, the temperatures were high, but yet weather conditions were reported still favorable in the spring wheat belt, and according to the government, the outlook is satisfactory. Due to unusually high temperates, grain has ripened fast, and in North Dakota much of the spring crop will be harvested more than 10 days ahead of a normal season. With earlier maturity, stem rust will not be an important factor.

When our market opened this morning, the carry-over feeling from Saturday was bullish. First of all, rye had gone up very sharply, yet the movement was largely a speculative one based on the theory that rye prices had not advanced with the general list; still it was another indication that higher agricultural prices may be experienced with the many artificial stimuli that have been resorted to. Those looking at cotton, point to the fact that there has been no attempt on part of the government to liquidate some of the accumulated holdings, and thus prevent extreme rises; therefore, they reasoned that the same may apply to wheat, with about half the carryover reserve stock still frozen. The one great uncertainty is the Northwest, with terminal space pretty well filled before the wheat has even started to move, although as an offset it must be realized that the CCC has taken tremendous quantities from the country and moved it to the cities. Therefore, rural space may give temporary relief, but after that it remains to be seen what the farmer will have to do with his grain if he is unable to find suitable storage, and cannot get the benefit of the loan should his own space on the farm prove inadequate.

Minneapolis was comparatively weak at times today, and this influenced our market, despite the fact that securities were higher. After all, we have just a limited speculative trade at the moment. The open interest has risen from the low point of the season, but still amounts to only 50 1/2 million bu, which is small taking into account the large crop that was raised. In the Northwest, carlot arrivals were large --Minneapolis and Duluth reporting 1,254 cars at these two points compared with 159 a year ago. Of the 903 cars at Minneapolis about 210 represented CCC holdings, but on the whole mills were in the cash market and the general demand was considered good, with the spot basis about unchanged. There was a fair volume of flour business in the Northwest, and this was a cushion against some of the hedging pressure, but it is possible that at these differences Chicago is a better hedging place than Minneapolis.

In the Southwest receipts keep up at a good pace; Kansas City, which is partially embargoed, had 548 cars of wheat compared with 350 last year. Thus, it is apparent that with a large winter wheat crop that the movement may keep up for a long time. Enid, Hutchinson, Salina, Wichita, Fort Worth, and Amarillo had combined receipts of 763 cars versus only 310 a year ago. Practically all points are filled to the roof, taking into account that a certain amount of working space is necessary to handle the grain properly.

This is one season when we hear very little about the European crops, although ordinarily it is extremely important since it gives us a cue as to the world's import requirements. According to Broomhall, Portugal is about the only country in Southern Europe with good crops, and with harvesting operations fairly well along, there appears to be considerable evidence that yields in most countries have been unsatisfactory. Italy is faced with another wheat crop, which is believed to be 30 to 40 million bu under the usual disappearance, but how this will be made up is still another question. Of course, less is known of the German crop, because of great secrecy surrounding it, but it is felt that the heavy accumulations which were built up before the outbreak of the war have been pretty well

(OVER)

consumed after several years of poor harvests. Deficiencies, however, will not be of much use to the surplus countries until after peace is finally reached, and it seems that the only answer to short crops on the Continent is heavier rationing.

Primary receipts were 3,745,000 bu, which was smaller than last week, when they were 4,603,000 bu; a year ago they amounted to 2,384,000 bu. The visible supply showed an increase of 12,827,000 bu. There is practically 190 million bu at all points, or 43 million bu more than last year. Chicago stocks increased 2 million bu, and ther is nearly 13 million bu locally held.

Our market was rather quiet, and at the last there was a decline of 1 1/8¢ per bu for the September delivery, while the Decemb was off 7/8¢.

Corn was firm at times; nobody seemed to have any bad crop reports from the country, despite high temperatures. The visible supply decreased 2 1/4 million bu, but this factor, likewise, had little influence upon prices.

UHLMANN GRAIN CO.

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CHICAGO July 29, 1941.

Although no definite information is as yet forthcoming from Washington with reference to the prospective price control bill, Senator Thomas of Oklahoma, backed by a farm bloc in both Houses, is preparing a rider to the bill, giving not only parity prices to the farmers, but also establishing a new formula for the determination of parity, and attempting to increase the so-called parity prices. On the other hand, Mr. O'Neal of the Farm Bureau Federation warned that there was no more certain method of bringing about a wild inflation than for farmers to drive food prices as high as the traffic will bear. While everyone fully appreciates that wartime economies lead to many distortions, we feel that very few people in this country realize that the private grain trade is being prostrated by the present agricultural policy and the action of the different government agencies. The present war is being fought for the survival of democracy, and we doubt if a referendum were held today whether the people of this country, as a whole, would sanction the socializing of the farmers. But that is what is gradually taking place, and unless some attention is given to those who have devoted their lifetime to the handling and marketing of the farmers' products, there will eventually be very little left to private initiative.

Never before have such unusual conditions existed at a time when wheat should be moving in consumptive channels. One after the other terminal markets have been more or less embargoed against new shipments. One party reported that South Dakota farmers are piling wheat on the ground and praying that it won't rain, because of the scarcity of storage space. There is a lumber shortage causing an inability to build adequate storage - and this may finally force some sales of free wheat on the market, as wheat is not eligible for a farm loan unless adequate facilities are provided.

There has been some fear expressed that the heat wave may have taken a large toll of the spring wheat crop, but from messages received this morning the general feeling seems to be that the hot weather has not hurt wheat to any great extent, except possibly the Durum varieties. Cutting will be in full swing within the next ten days and many well-posted grain men think that the Northwest will harvest the best crop since 1930.

Broomhall calls attention to the fact that in order to safeguard the economy of the southern dominions and the stress and strain of war, the United Kingdom recently signed an agreement with the governments of Australia and New Zealand, providing that the United Kingdom shall continue to import all of the produce of these dominions for which shipping can be found; and secondly, that the exportable surplus of storable foodstuffs that remain up to quantities to be agreed, will be placed in reserve in the dominions, the United Kingdom government to bear one-half of the cost of acquiring and storing these reserve stocks. Broomhall further comments that European agriculture has experienced a poor season. Many of Germany's staple reserves, he states, are failing altogether. In Hungary, despite the acquisition of new territory, the wheat acreage has been cut by 16%. Rumania, through the loss of Bessarabia, and requisition of supplies, is suffering breadless days, and exporting no wheat or rye. He further comments, that all of Europe is now resisting food deliveries to the Reich, because Germany, although heavily in debt, is not delivering the machinery, iron, steel, coal, and coke promised as payments. This latter statement may be somewhat colored, but there no doubt is considerable basis for same.

Despite congestion, receipts in the Southwest are keeping up--Kansas City had 144 cars versus 90 the same day last year, while Wichita, Hutchinson, Salina, Fort Worth, Enid, and Amarillo combined account for 333 cars versus 145 a year ago. In Minneapolis where the movement of new crop is not as yet under way, receipts were 729 cars; of this quantity approximately 214 cars were for the CCC, the balance of about 500 cars consisting mostly of free old wheat. Apparently the country still remains heavy shippers, trying to clear the way for the new crop.

Primary receipts today totaled 3,105,000 bu compared with 3,468,000 bu last week, and 2,121,000 last year. So far this week Kansas City and Minneapolis show a total increase of 873,000 bu.

(O V E R)

While there was very little in the news, the wheat market had a firm undertone throughout the greater part of the session. Prices were somewhat helped by the strength in rye. This latter cereal seems to have attracted some speculative buying within the past few sessions At the close September wheat was 3/4¢ per bu higher, while the Decembe delivery advanced 1/2¢ per bu.

Activity in corn remains rather light; one message which we received today claimed that the weather has been wonderful for corn, although in some sections the extreme heat may have caught some of the corn in the tasseling stage. However, it appears as though supplies will be more than ample for all purposes.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 30, 1941.

Sometime during the day President Roosevelt is expected to submit his recommendations for price control to Congress, although it is not anticipated that the actual bill will be introduced until later in the week. From advance information it appears that there will be a three-man Board of Appeals set up, with power to review and alter price-fixing orders issued by the Office of Price Controls and Civilian Supplies. It is further contemplated that under the bill the five basic farm commodities, namely, wheat, corn, cotton, rice and tobacco will be exempted from control. In the meantime, attention has been focused by the Senate approved legislation to impound the present governmental holdings of cotton and wheat for the duration of the European war. This apparently is meeting with the opposition of the Secretary of Agriculture as well as President Roosevelt. They are also opposing the amendment which would lift restrictions which, at present, prohibit the use of excess quota wheat as feed or seed.

Crop prospects in Canada have undoubtedly undergone further deterioration. The high temperatures during the last week took a further toll of the crop. Over last weekend Manitoba was favored with fairly good rainfall, but with the exception of a few areas in Saskatchewan, precipitation elsewhere was insufficient. While supplies still remained very heavy, problems connected with the handling of this year's crop will not be as severe as appeared earlier in the season when prospects were brighter. We understand that the trade expects that the 12 million bu of Canadian wheat held in bond at Duluth will soon be shipped out, presumably for export, and that at least half of this space will be taken by the CCC for loan wheat.

Despite the warm weather, comparatively light damage is expected in our own northwestern spring wheat states. The weather has forced the ripening of all grains that were retarded by constant rains all through the summer. Prospects are exceedingly bright in North Dakota, and great congestion at interior points as well as terminal markets, is bound to exist. The farmers through the Northwest are making great efforts to build temporary space so that wheat will not have to lie on the ground, and we understand that the government agency might offer to sell 1000-bushel storage tanks to the farmers for $10.80 a tank to be used for loan-wheat purposes. Our Pacific Northwest states are now harvesting a bumper crop that is fully coming up to expectation.

Receipts in Kansas City amounted to 183 cars today against 189 last year; Wichita reports 71 cars versus 23; Hutchinson 47 vs 38; Salina 40 vs 31; Fort Worth 83 vs 12; Enid 19 vs 38; and Amarillo 54 vs 3. This totals 497 cars today against receipts of 334 a year ago. Receipts in Minneapolis were somewhat smaller; their arrivals the past few weeks have comprised mainly old wheat, but this will no doubt keep tapering off until the new crop starts to move.

Primary receipts were 2,308,000 bu compared with 3,019,000 bu the previous week, and 1,551,000 same day last year. Kansas City and Minneapolis stocks show a total increase so far this week of 1,299,000 bu.

While we continue to quote the pertinent statistics on grain, very little attention is being paid to same by the average trader, and news from our National Capital dominates the market. There was buying of wheat in the early part of the session on the possibility of old supplies being impounded, but later when the Secretary of Agriculture expressed opposition to this scheme, the market lost ground. Toward the latter part of the session the President's address to Congress on price-fixing was released. In part, he wants authority for the government to stabilize the market by buying and selling as the exigencies of price may require in order to make ceiling prices effective. In other words, this would bear out observations made in the first part of this letter --that the Chief Executive was against freezing of farm supplies. The President's statement led to some further liquidation on part of those who figured that supplies might be kept off the market. Although a recovery took place from the low point, at the close September wheat was 3/8¢ per bu lower; the December was 1/4¢ off.

There seemed to be inclination on part of locals to take profits on rye, and attention was called to the fact that the recent advances in that cereal stirred up the ghost of the threats of imports.

Comments from the corn belt on the whole remain favorable, although some reports of damage from dryness and hot weather in the eastern sections.

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FORT WORTH GRAIN AND COTTON EX.

CHICAGO July 31, 1941

The grain news does not change much from day to day. It has been pretty well advertised from one part of the country to the other, that sooner or later the loan price, plus accumulated charges, might be reached, owing to the fact that such large quantities of wheat are being impounded under the government loan program. For this reason a good many speculators have already made their commitments on the constructive side of the market. True, the volume has been smaller in relation to other years, but then it must be remembered that the risk-bearing public is also more cautious than in the past because of the high taxes which have discouraged speculative endeavors.

The writer just returned from the Northwest and in all of the years that he has visited there during the summer months, he has never heard so much talk about the storage problem. In this connection it must be borne in mind that the Government has already monopolized half or more of the storage space in Minneapolis and Duluth from the accumulation of previous crops. On the other hand, country storage room has been tremendously increased, possibly to the extent of 25%, but even this may prove insufficient to take care of all of the grain at the beginning of the season, as we have raised one of the best crops in many years, and despite the recent heat, yields are turning out wonderfully well in many sections. Lumber seems to be scarce at many points, and we have heard that some farmers have rented garage space in order to dump their wheat on the floor until better accommodations turn up. In extreme instances, parts of the home, including closets, are being utilized, while in a few exceptional cases, the wheat was piled on the ground.

It seems that without an export outlet sufficient to cope with the present situation, that all of the cooperation between various groups is not finding a solution for the handling of grain which is being moved from the farms. By mutual agreement the Canadian government will take from Duluth about 12 million bushels of wheat that had been stored there, and this will probably be moved sometime in August, so that the C.C.C. will find more room for loan supplies. Also some shipments of domestic grain are being made to Buffalo, but in the final analysis the high loan program, which has built up these uneconomic surpluses, is convincing evidence that the private trade has not done such a bad job in the past when in the open competitive market the economic forces of supply and demand were permitted to function.

In addition to the wheat, the Northwest has also been blessed with other good crops, and we are told that barley has suffered less than any other grain, while the rye crop should be good in both yield and quality, except where some damage in dry areas occurred. As far as oats and flax are concerned, these crops fared a little worse, but it will be difficult to find a home for these grains, and later on, of course, some corn will be ready to market.

One month of the present crop season has already passed, and we have exported 1 1/4 million bu. of wheat and flour, still leaving a reserve of 662 million bushels for export and next carryover, on the assumption that our reserve supplies on July 1st had amounted to 390 million bushels. In Canada the heat did much more damage than in this country. However, today ends their crop season with 500 million bu. of wheat on hand, or 190 million bu. more than in 1940. Exports for the season were close to 220 million bu., which is 28 million bu. more than cleared a year ago, but this is not a particularly good showing, when it is considered that they had the field almost entirely to themselves.

Despite the embargo Kansas City had 246 cars of wheat today compared with 170 last year. At Wichita, Hutchinson, Salina, Fort Worth, Enid, and Amarillo the combined receipts were 508 cars compared with only 162 cars last year. In the Northwest they also ran fairly heavy - at least by comparison. Minneapolis and Duluth had a total of 459 cars while in 1940 there were 247. Primary movement was somewhat smaller - slightly over 2 million bushels compared with 2,673,000 bu. last week and 1,388,000 bu. last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,880,000 bushels. While there was firmness at times, late weakness at Kansas City was a factor. At the last, our September wheat showed a decline of 1/2¢ per bu., while the December delivery declined 3/8¢. Corn was barely steady; trade was light, but the crop seems to be making satisfactory progress.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 1, 1941.

Shortly after our market opened this morning, private experts gave their views on the prospective winter and spring wheat crops. On the average they are looking forward to a yield of 665 million bu of winter wheat, which is a reduction from the official government report last month, but as an offset they figure that the spring wheat has improved, and that we shall have a likely crop of 260 million bu. In other words, total production will amount to 925 million bu, or about the same as was forecast officially in July; Thus, it is established that we have raised a very large crop, and it is doubtful that weather from now on will change the statistical picture much one way or the other.

As a matter of fact, trade is not so much concerned over these developments as it is over the method of marketing and distributing under a government-controlled system. To show what these federal powers are, we must only consider that this morning, for instance, the CCC raised its asking price on corn 2¢ per bu, and immediately prices responded almost to the same extent that the government selling price had been advanced. It does seem, however, somewhat of a parodox, when our President is so much concerned with inflation, and the serious consequences of too-rapid advances, that nobody in Washington seems to recognize that those commodities which have gone up the most are those which have been stimulated by government activity, or where the federal authorities have actually made tremendous purchases, as was the case in butter, egs, lard, etc. However, as we view temperament at the capital, it is not the intention to place a ceiling upon agricultural products or upon labor, at least at this time, and therefore, those who are playing the constructive side of the market in wheat probably have the advantage taking a forward look, at least until the 85% of parity prices have been reached. There is, of course, a certain amount of nervousness over price-ceiling legislation and also a little hesitancy until spring wheat has moved in greater volume, but at least on breaks there is some buying power, plus the fact that even a moderate milling demand is taking hedges out of the pits.

Receipts at Kansas City continue in fair volume, with 235 cars in today compared with 209 last year. At Fort Worth, Wichita, Enid, Hutchinson, and Salina there were 356 cars of wheat, which was more than double the 127 cars inspected a year ago. The movement in the Northwest is not picking up very rapidly, especially at terminal markets for the reason that there is great congestion already. Mill buyers who have facilities for storing grain were paying 1/2 to 1¢ better for higher protein wheat this morning; otherwise the spot market was rather thin with elevators not showing much interest.

About mid-session Minneapolis futures turned rather weak, and this spoiled the party here where prices had been rather firm with the result that we reacted fractionally. The entire trade in all wheat futures yesterday was less than 8 million bu --something almost unheard of during July, and it shows how the artificial loan policy has killed speculative endeavors.

Primary receipts were 2,441,000 bu versus 3,463,000 bu last week, but only 1,221,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 2 1/2 million bu. When the visible is posted on Monday it will compare with last year's increase of 7 1/2 million bu.

Our market firmed shortly after the opening, with renewed strength in cotton and better corn prices. However, volume of trade was not particularly large, and at the last advances were modest, with September wheat closing unchanged, while the December delivery was up 1/4¢.

Corn, as mentioned before, was influenced by government action, also some apprehension as to the growing crop should warm weather continue without some relief soon in the dry areas.

Rye seems to be gaining some friends on the theory that the government may restrict imports, or at least place a quota system upon Canadian shipments to this country, but there is nothing definite yet, except that Washington has the matter under consideration.

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CHICAGO MERCANTILE EX.

CHICAGO August 4, 1941.

It became quite apparent last Saturday that while the government was anxious to stop inflationary moves, it had neither the will nor the desire to curb the upward movement of farm commodity prices. While this may have been obvious fromWashington reports for the past several weeks, there was always some doubt in the minds of traders just what Mr. Henderson had in mind, and it has been pretty well clarified --at least to the extent that the brakes will not be applied to agricultural prices at present levels.

In this respect the situation is no different from what we have had in days gone by. However, the psychology in the past was different, and nobody bought any agricultural product just because no ceiling had been placed upon that particular commodity. Likewise, nobody sold any grain for the sole reason that no floor had been placed below that commodity. In other wordsx, the trade functioned when it thought profits were to be realized, either through appreciation of any particular product or counterwise when some particular article appeared to be above its merit, the short side might have been assumed.

It is, of course, heartening to feel that within certain bounds price limits will not halt operations upon our Exchange, although swings will be largely controlled through artificial government measures. It is also a fact that parity, itself, has been moving upward for several months now. On the 15th of each month new computations are made, and taking wheat as an example, we find that on January 15th of this year the parity price was 113.2, and it gradually rose until July 15th when it reached 117.6. Likewise, by taking corn, we find that on the former date its parity price was 82.2, although by July 15th it had risen to 85.4. This is easily explained because of the higher living costs, and those articles which the farmers bought moved up three to four points, so that a comparatively new theory is now operating and makes the old law of supply and demand seem antiquated, although the consequent results may be severe judging from what has always happened in other countries, or even in our own country during the Farm Board era when artificial influences were at play.

Through the valorization of coffee prices in Brazil there was a final situation where the coffee had to be burned because such tremendous surpluses had accumulated. After the Farm Board era we were more fortunate here in that there were three or four years of drought, but nobody can foretell what will happen if arbitrary figures are applied to basic crops to satisfy the whims of our legislators. In any case, the enthusiasm which started on Saturday carried on this morning, and prices of practically all grains showed further advances despite the fact that there was little other news to give us impetus.

Carlot receipts everywhere were fairly large. At Minneapolis and Duluth there was a total of 770 cars of wheat compared with 319 last year. The chances are that the showing would have been even more favorable except for the congestion in the Northwest, and the partial embargo that has been invoked. In the Southwest there is also very little free space. Public elevators in Kansas City show that about 39 million bu of wheat is stored with almost 42 million bu of all grains on hand. This is large since the total capacity is only about 45 million bu, and of course, some room is always needed for turning about.

Primary receipts were, 2,740,000 bu, which was smaller than last week when they amounted to 3,745,000 bu; a year ago they were 1,639,000 bu. The visible supply increased 12,604,000 bu, with total stocks 202,257,000 bu --an all-time high record. Chicago stocks increased 1,428,000 bu.

With probably the largest milling business in months, prices advanced sharply, although heavy profit-taking occurred, with September wheat finally 3¢ per bu higher, while December advanced the same.

Corn was just fractionally higher. No damage of consequence is reported, despite high temperatures and lack of rainfall, although good general moisture is needed shortly.

Rye was very strong; the visible supply increased sharply. In Chicago duty was paid on all of the bonded rye, and thus it is now included in our domestic supplies.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 5, 1941

The statistical position of wheat is best described by the Bureau of Agricultural Economics in their July report. On the first page they state that the prospective supply of wheat available for export and carry-over in 1941-42 is the largest in the history of the country, being about 85% larger than the ten-year average (1924-33). The carry-over of about 400 million bu. on July 1, 1941, was the largest on record, and it reflected the above average 1940 crop and the reduced exports.

In this connection there is no relief when we take into account that the domestic wheat supply for this season is likely to be between 1325 and 1350 million bu.,or almost 250 million bu.above the supply a year ago, and almost 100 million bu.larger than the record high in 1931. In the past when anybody traded in wheat, he had a fairly satisfactory picture after he had concluded the amounts that were on hand and then deducted the possible exports. At the present time, however, everything is completely changed. We must now watch carefully all developments from Washington and what new laws may be enacted, plus the fact that any sudden changes may also alter the entire complexion of things. There is still nothing definite as to how the previously accumulated surpluses will be disposed of, although Mr. Morganthau's attitude in connection with the sale of excess cotton reserves brought about some selling in cotton before our wheat market opened this morning, and this immediately became an influence in grains.

In our opinion liberalizing ceiling limits for wheat is not as bullish as the trade seems to think. We sometimes try to prove a case by using an extreme and if, for instance, we assume that wheat might be permitted to sell at $5.00 per bu.,it would certainly not mean that prices would go to that point just because it was the hope of Washington officials that prices would finally rise to such an extreme figure. It is, of course, the actual movement of free wheat which presently is making the price. With such large stocks held by the Commodity Credit Corporation or still under loan by growers we have been able to attain recent advances in price, despite the bearish statistical situation.

Nobody can tell just what percentage of the new crop is being placed under the loan, although with more farmers eligible than ever before, it is almost an assured fact that to the extent of available storage space, the quantities impounded will also be heavier than ever before. Thus the trade has been going on the assumption that finally the price would have to rise to a point where frozen supplies would be released, and with the help of probably the largest milling business in months, there was considerable impetus given to the market yesterday, as hedges were taken out of the pit.

Primary receipts were only moderate today at 1,783,000 bu. compared with 3,105,000 bu.last week, and 1,162,000 bu.last year. Of course, the scarcity of space, together with the fact that the visible supply is already so tremendous, has much to do with the slowing up of the movement to terminals. Kansas City and Minneapolis stocks so far this week show a total increase of 651,000 bu.

At times there was some weakness, but Mr.Henderson's testimony before the House Banking and Currency Committee, indicating that even with controls, we are almost bound to have inflation, tended to firm the market at times, and at the last there was a decline of 3/8¢ per bu. for the September delivery, while the December wheat was unchanged.

The milling business was somewhat poorer than yesterday, but still moderate activity, and this again was a fairly sustaining influence. Corn was just a shade lower; trade was dull, and there was no particular feature. Rye was independently weak, and the fact that duty had been paid on substantial quantities of bonded rye which lay in Buffalo and in Chicago apparently had a dampening influence, with some liquidation of long lines.

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CHICAGO MERCANTILE EX.

CHICAGO August 6, 1941.

Formerly the grain market received its cue from Liverpool, but everything has changed now, and we get it from Washington. The important overnight news was that several southern Senators were trying to put through legislation forbidding the government to market any of its vast loan stocks of wheat and cotton during the war emergency. It was reported that a Senate House Conference Committee had unanimously approved the measure. Therefore, it was almost a foregone conclusion that wheat prices would be considerably higher today. In this connection, it seems that the agricultural program tends to create many dead-end streets. In other words, where grain formerly was raised for consumption, it now seems to be raised to go into storage, and remain there. No wise merchandiser would withhold his product from the market when an important demand arose, particularly if accumulations from previous years could be sold at a good price. However, if the present bill is enacted into law it might mean that artificial shortages will be created without having impounded surpluses put into consumptive channels in order to clear the decks for a later date when large crops are again harvested.

As we veiw the picture in wheat, there was about 200 million bu from the last crop in free hands. With total production this season in excess of 900 million bu, should the price finally advance above the loan level, farmers might, of course, redeem their wheat, and eventually there would be more than enough for all needs. In cotton, the situation is different, as only a small crop is being gathered, and, therefore, the problem would become very acute if the 6 million bales held by the Commodity Credit Corporation would remain frozen. Mr. Henderson admits that wage increases along with farm parity loans and ocean freight rates have been the real cost increase items. Any economist realizes that without control of such basic factors in production and living costs as farm prices and wages, it will be almost impossible to attempt to control inflation through price-fixing. Furthermore, with our manufacturing industries as a group still operating at an average of only 41 hours per week, and with frequent interruptions, due to strikes and disputes over wages and working conditions, many of our so-called shortages are being brought about, all of which is responsible in the final analysis for higher costs.

We understand that in some districts, such as Texas, wheat has already gone above the loan levels. However, not much is being redeemed as the accumulated charges mount month by month, although it is a fact that not all of the grain in storage has gone into the loan, even where farmers have taken storage tickets. Therefore, there is some wheat that is being sold, and this, together with the liquidation on part of longs today, gave us a reaction from the highest prices which were established early in the session.

Not much attention was paid to statistics, although the primary movement was smaller, at 1,449,000 bu compared with 2,308,000 bu last week, and 1,007,000 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 873,000 bu.

There was a rather spirited advance early in the session, with a little flour business in evidence, also some short covering. On the whole the buying was rather scattered, but support appeard ample for the heavy liquidation by commission houses and local longs. In other words, quite a little wheat had to be absorbed, but general sentiment remained rather bullish on the theory that almost everything being done in Washington is toward helping the farmer obtain better price levels. Furthermore, it is recognized that the open interest is not large, with only 50 million bu for the three trading months; therefore, no big shake-outs are expected, and this rather encourages buyers who feel that artificial influences are the paramount issue. At the last there was a gain of 7/8¢ per bu for the September future, while December wheat was up 1 1/8¢.

Receipts at Minneapolis were 219 cars of wheat, of which about 30 was for the CCC. Because of congestion, mills were rather selective in their purchases, but the cash trading basis was unchanged, with the spot market rather firm; receivers are definitely of the opinion that the first run of new wheat will be low in protein.

Corn was somewhat higher, crop news is less encouraging, owing to the high temperatures which have prevailed now for about two weeks, and in some places there is an urgent need for moisture. While trade is light, the undertone is firm, and the feeding ratio remains favorable.

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CHICAGO MERCANTILE EX.

CHICAGO August 7, 1941.

With very little debate the Senate approved legislation that would freeze government loan stocks of cotton and wheat for the duration of the war. While it is true that this Bill has had powerful backing by the Senate Conference Committee, there was some doubt as to whether the Senate would act so quickly owing to the fact that there had been considerable talk in Washington of trying to curb inflationare tendencies; but apparently labor and agriculture are in a preferred category, as nothing has been done to restrict improvement in either of the fields just mentioned. Everything now points to higher costs of living, and while the passage of the pending control legislation may help in small measure, even Mr. Henderson has stated, "Before long there will be more purchasing power running around hunting something to buy than there are goods available. If that occurs to a substantial degree, no power on earth can prevent inflation."

With this background, we had considerable buying enthusiasm in all grain markets this morning; many orders were small, but in the aggregate there was sufficient to push practically all cereals into new high ground for the season.

Secretary Wickard at his press conference yesterday indicated approval of the aims of the Price Control Bill establishing ceilings for farm products above parity. He declined to say at what percentage of parity such ceilings should be fixed. In a rather general way, he also said that he was not in sympathy with legislation that sought to freeze government-owned stocks of cotton and wheat during the emergency. He foresaw that farmers, as well as salaried people, had a lot at stake when considering inflation, and the withholding of certain commodities from the market might contribute to that evil.

Other routine news was not important, or else it was overlooked. Overseas shipments of Canadian wheat, excluding flour, were 2 1/4 million bu this past week, and apparently the European demand remains small owing to the fact that England is about the only country able to get supplies because of the blockade. While there has been considerable deterioration in Canada, even a crop of 300 million bu, together with a record reserve stock of 500 million bu, gives Canada enormous supplies. Thus, we cannot be very hopeful of shipping much from our country, even assuming that some small quantities will be given away under the Lend-Lease Bill.

Primary receipts were moderately heavy at 1,654,000 bu compared with 2,006,000 bu last week, and only 971,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,158,000 bu. In the Northwest there were 348 cars of wheat received at Minneapolis and Duluth, which was less than the week before, but compared with 323 cars last year. Each day is bringing a little more new wheat to market, but this has not affected the spot basis, which was unchanged, although mills were a little bit particular in making purchases, while paying up slightly if they got just what they wanted. The general demand was fairly good for the comparatively light run of 260 cars. The market in the Northwest stays at a large discount under us.

Generally speaking, there was no important pressure, although we are told that a number of producers throughout the country have not yet surrendered their warehouse receipts for government loans, and should the market advance further some of this grain might come out, as after all there are farmers who prefer to have a clean slate instead of being tied up for months under a loan. This is making the market a little more two-sided, despite all the bullish action from Washington. Trade was rather good during the first hour of the session, but thereafter tapered off. At the last September wheat showed an advance of 1/8¢ per bu, while the December was unchanged.

Corn was very strong despite the fact that a showery condition is developing. There has undoubtedly been some damage because of excessive heat and lack of rainfall; however, the crop is still probably better than average in most districts.

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CHICAGO MERCANTILE EX.

CHICAGO August 8, 1941

For comparative purposes, there is not much sense in trying to look back upon pre-war figures with relation to the world's import requirements. It was just a year ago at this time that everybody was discussing the European grain supply and debating whether the Continent could survive unless the United States prevailed upon British authorities to permit shipments of wheat and other foodstuffs through the blockade. During the past crop season, total world shipments, exclusive of Australia, have amounted to 328 million bu, which is probably the smallest quantity cleared during the last century, and yet,no starvation has occurred, though as Broomhall points out, there may have been undernourishment in Poland, and possibly also in Belgium.The Balkan countries shipped more than they could really spare to Germany and had to ration their own people with a very inferior type of bread containing a high percentage of corn mixture; Still, there has been no evidence of real scarcity. As far as we know, there were only about two cargoes of wheat or flour that were permitted through the British blockade to be shipped to France, but with some sort of arrangement with the German authorities they managed to adjust themselves, although tremendous hardships undoubtedly were met.

The fact remains that while various economies have taken place almost everywhere on the Continent, the supplies that had been previously built up are now pretty well exhausted, and on top of this, there is not much chance that new domestic grain crops in those countries are yielding too well. There have naturally been labor difficulties as the war spread; furthermore, weather was not too propitious. Overseas supplies were cut off where normally a large business took place, and it naturally made a big difference. Less than a month ago, the head of the Russian State, who broadcast to the entire nation, instructed farmers in the battle zones to burn their crops if they had no means of transporting their grain to the rear. In other words,they would not leave a single pound for the enemy in the event of a retreat. Just to what extent such destruction has taken place we, of course, cannot tell.

On this side of the water, surpluses continue, despite the fact that the weather has not been altogether favorable lately for the best development of crops just prior to harvest. In Canada, there have been many complaints and the chances are that the provinces will not reap more than 275, or possibly 300 million bu, which would mean at least 300 million bu for all of Canada, taking into account what is raised in the East. This, however, is not a calamity, as never before in history has the visible supply assumed such proportions on August 1st, with total stocks amounting to 463 million bu, which compares with 282 million bu a year ago; even then it was considered a very sizeable quantity.

We have no doubt that prices in this country would be considerably lower except for the artificial stimulus of the loan, which has driven wheat into hiding, and which is often described as a one way thoroughfare, since even the government now is planning on freezing these stocks for the duration of the war. We have seen during the Farm Board era how withholding supplies from the market brought about temporary relief for the farmer, but finally he paid a heavy penalty, and we believe we are correct in saying that when this administration took office in 1933, their first objective was to get rid of these accumulations, with the avowed purpose of never having a repetition. Therefore, recent action by the Senate in impounding large surpluses from past years came as somewhat of a surprise.

Receipts in the Northwest for the first time are smaller than last year, 338 cars at Minneapolis and Duluth, vs. 345 a year ago. However, it is doubtful whether the movement can increase much unless more free space shows up. There is some wheat being removed from Duluth, but the CCC is taking this storage as rapidly as any vacancy occurs. Primaries were 1,620,000 bu compared with 2,441,000 last week and 992,000 last year.Kansas City and Minneapolis stocks so far this week show a total increase of 1,341,000 bu. We hardly expect too large an increase in the visible on Monday, due to scarcity of space; a year ago it increased 2,710,000 bu.

The market was erratic, following the strength of corn at times; also, influenced by cotton quotations. However, volume was somewhat smaller. At the last September wheat was 1/4¢ a bu lower; the December delivery was unchanged. Corn was firm. The late weather map indicates there might be some widely separated moisture over the belt by tomorrow afternoon.

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CHICAGO MERCANTILE EX.

CHICAGO August 11, 1941.

During the past 50 years tremendous strides have been made in the construction of grain elevators, and owing to the fact that grains are perishable all kinds of new and modern devices have been developed to prevent deterioration. The private trade writes off thousands of dollars every year for obsolescence, and many more thousands are spent for improving machinery and facilities in order to keep grain in good condition. The result is that spoilage has been kept at a minimum. Under our new system, with many steel tanks having been thrown about the country, the government was rather fortunate that during the past few years the keeping quality of corn and other cereals was such that deterioration was not important. Yet this may not always be so, and we have just learned that the Argentine Grain Regulating Board has been authorized to destroy government-owned corn that was stored in cribs or in other regular space, which has now become unsuitable for any purpose, or where it is a menace on account of the spreading of pests. In other words, rats, mice, etc. breed wherever facilities are inadequate; and this is something that should be carefully watched where tremendous surpluses are being accumulated However, in most terminal houses, grain is run over conveyor belts, and subjected to air and sunlight with intermittent regularity, but, of course, this is impossible in some of the newly constructed space, where boards have just been thrown together.

When our market opened this morning, it was influenced somewhat by rains over the corn belt in the northern districts; also the weather map suggested thundershowers tonight and Tuesday, which, of course, would be a great help. The corn crop has suffered some injury with the scanty rainfall and continuous high temperatures, and no doubt recent prospects for record breaking yields have been materially reduced. Otherwise, there was little news over the weekend, but the trade is watching outside issues even more carefully than routine factors, which in the past have led the destiny of prices. For instance, there was some disappointment when cotton and cottonseed oil prices showed reactionary tendencies, and when the soybean market opened at some recession. Also political influences are given the closest attention, and while it is quite possible that the Price Control Bill will undergo many changes before finally enacted into law, it does carry with it many inflationary possibilities, such as the raising to 120% of parity tolerance to which basic farm products may advance before being subjected to regulation. Such a move, however, will be vigorously opposed by the administration. It is also claimed by Washington authorities that the Treasury and Department of Agriculture will urge a veto of the Fulmer Bill, freezing the government-held cotton and wheat loan stocks. As a matter of fact, the trade may not entirely understand the passage of legislation by the Senate, as that Bill does not completely withhold supplies for the reason that in an emergency they could be drawn upon for lease-lend purposes, or for relief; in fact, for any other government purpose, provided the effect was not to depress the market.

Primary receipts were quite heavy at 2,358,000 bu versus 2,740,000 bu last week, and 1,833 last year. When the visible supply was posted today it showed a large increase amounting to 8,353,000 bu. Total stocks in all positions are over 210 million bu, which is 54 million bu larger than in 1940. Receipts in the Northwest keep up, with Minneapolis and Duluth having 942 cars compared with 1,159 a year ago.

The war news attracted some attention. Moscow admitted that defense lines at the north and south Flanks were drawn back nearer Lenigrad and deeper into the Ukraine. It is a fact that crops ripen more rapidly in South and Southwest Russia than they do in the Central and Northern sections. In the region of Minsk, Smolensk, and Moscow cutting is just starting at this time.

Prices were never very firm, but on the other hand no great pressure was exerted upon the market, and it appears as though the greater part of the northwest movement is working into the loan; at Minneapolis the spot market was 1/2 to 1¢ lower, with mills somewhat indifferent for certain grades. At the close, our September wheat showed a decline of 1¢ per bu, while December wheat was off 1 1/8¢.

Corn was firm early, despite a slight improvement in weather, but finally commission house selling brought about a good reaction. Hoever, on the break fair support appeared.

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CHICAGO MERCANTILE EX.

CHICAGO August 12, 1941.

Only once in the history of the country have we raised a billion bushel wheat crop. That was in 1915. However, at that time, the carryover was unimportant, and furthermore, during the first World War, exports were on a tremendous scale; therefore, the accumulations were not burdensome.

After the close yesterday, the government estimated total wheat production for this year at close to 951 million bu, and this will rank as the third best yield on record. However, at the present time we have a very unusual situation in many respects. Not only is this one of the biggest crops ever produced, being close to the billion bushel mark, but it was accompanied with the largest carryover attained. In addition to this, we have practically no chance of doing any export business owing to the blockade and the fact that England is taking most of her requirements from Canada. We have also another very unusual circumstance in that the government is definitely committed to a policy of trying to maintain wheat prices at an artificial level, despite the bearish surroundings. There seems little doubt, with the billions of dollars that are being expended for agriculture, that they will have any trouble in attaining their goal; but, of course, there will be secondary consequences such as we have never had before. By this we mean that the reserve supply on July 1, 1942, may reach 600 million bu, or more, compared with an average carryover of about 128 million bu, which we used to consider about normal and workable prior to the days of the Farm Board era.

All this is so well understood that the issuance of the government report, bearish as it was statistically, had very little influence upon our markets, and there was no commotion, although first prices were about a cent lower than at the previous close. Trade is familiar with the working of a high loan, having had the experience of last year when large quantities were artificially impounded. Of course, the temptation to the farmer was so much greater during the present season, inasmuch as the loan value at Chicago was increased by 34¢ a bu. Thus, many more producers were compelled to throw their lot with the AAA rather than continuing along an independent road as heretofore. The chances are that even with large free supplies from the previous season at sometime or other we shall eat into our reserve, and this is being awaited by the rank and file of traders who have made commitments on the constructive side of the market, despite bearish factors which might otherwise have given us a much lower price level. It is true that some hesitancy existed by skeptics, who were fearful that the storage situation might cause some weakness, and even now before the spring wheat movement has gotten well under way, about 80% of the United States storage is said to be filled in the principal markets. Nevertheless, the farmer, confident that he will finally obtain a loan, is holding his grain until he can get proper accommodations, and thus, no undue pressure is being exerted on the market by reason of the fact that sacrifice sales have to be made.

Primary receipts were 1,871,000 bu compared with 1,783,000 bu last week, and 1,710,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 275,000 bu.

There are indications that the administration will support a move to provide a floor for farm prices, as well as a ceiling in the pending Price Control Bill. In other words, it is hoped that when the war is over, post-war deflation can be prevented. In the meantime at least, everything is being done to raise agricultural commodities to about parity levels. Therefore, advantage was taken of the break in the market for making purchases, but still September wheat closed 7/8¢ per bu lower, while the December future was off the same.

Corn was weak at times, but met some support. There were some fairly good rains over the corn belt, although moisture was not as thorough as had been hoped for by some. Nevertheless, cooler temperatures were reported, and thus deterioration may have been arrested. The government report increased the estimate from a month ago, but it was somewhat smaller than the figure of private experts.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO August 13, 1941.

For many years the theory of scarcity has been practiced with relation to agricultural products, but in spite of this fact, the nation's food bins are filled with record stocks. The Department of Agriculture in its monthly report stated that private dealers in the dairy industry had the largest quantity of butter in storage on record; meat stocks on August 1st were the largest of any August since 1934; lard stocks were at an all-time high for this period of the year. Reserve supplies of American cheese were at a new peak; stocks of frozen eggs held in storage also made a record. We probably could go on at this rate, and need hardly tell our readers of the tremendous accumulations of wheat, corn, etc., as this is all well known. However, we are gradually becoming proud of our reserves in various commodities, and now consider them as a weapon for war defense almost as important as munitions. The President has expressed his satisfaction at the way in which farmers responded to appeals for increased production. The chief executive has stated that "we need not only abundant production for ourselves and for other nations restricting aggression, but we need reserves to meet the emergencies, which can as yet be only dimly foreseen.'

There can be no doubt that when peace finally comes we may be the breadbasket for the world, at least for a time. We cannot forget, however, how after the first World War, European nations tried to become self-sufficient within their own borders. High tariffs were set up, domestic production was increased, and finally import requirements dimished. The abolition of self-sufficiency, particularly in the matter of wheat growing, will be no easy task. Wheat production is considered an essential part of the agricultural industry of many Continental countries, and when nations become impoverished, as they will be after the present war, their instinct is to produce more instead of less. In other words, they will want to derive wealth from their own soil. The economy of the world will have to be readjusted to meet new conditions. Obviously, starvation in the midst of plenty is the first evil that needs correction. But this may all take time, and therefore, any planning now for post-war emergency, in an effort to insure high prices to the American farmer, may find us confronted with tremendous problems that are difficult to work out so far in advance.

Primary receipts were about as expected, and amounted to 1,452,000 bu, which was practically the same as last week and last year. Kansas City and Minneapolis stocks so far this week show a total increase of 506,000 bu.

Markets were rather indifferent at the start, but firmed quickly when it became known that the administration's second lease-lend program would soon be submitted to Congress, calling for approximately $6 billion. It was thought that maybe as much as $2 billion might be used for foodstuffs, including shipments to Russia on account of the devastation that has recently taken place there. This brought about a buying wave of moderate proportion. However, another factor was the issuance of figures on the milling business during the past week. In the Southwest, the volume showed a figure of 268% of capacity against only 17% in 1940, while bookings at northwest mills ran up to 235% of capacity versus only 45% a year ago. This is according to the Northwestern Miller, and shows the psychology of buyers, very likely the heavy impoundings being an influence in creating the bullish feeling. There are a few statistics which can now be cleaned up for the year: our domestic carryover is officially given at 386 million bu, which is a little less than had been expected, and makes reserve supplies the second largest on record, having been exceeded only in 1933 by 7 million bu. For the full year Canada had exported 228 1/2 million bu of wheat and flour; therefore, as of August 1st, she had a carryover supply of 491 million bu. These are tremendous reserves for North America, the total being much bigger than anything ever before attained.

At the last September wheat showed an advance of 1 7/8¢ per bu, while the December delivery was up 2 1/8¢.

Corn, and for that matter all other cereals, advanced in sympathy with wheat. There has undoubtedly been some damage to corn because of excessive temperatures for a prolonged period, during the time when rainfall was scanty, but, nevertheless, it must still be regarded as a good-sized crop.

Soybeans advanced despite the government estimate for a crop of 109 million bu. If this promise finds fulfillment, it will probably be a record yield, but the oil situation remains strong, and is the chief influence.

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CHICAGO MERCANTILE EX.

CHICAGO August 14, 1941.

After the close of the market yesterday, the House acted favorably upon legislation which would freeze impounded supplies of wheat and cotton for the duration of the war. Having had Senate sanction previously, the Bill is now to be sent to the White House, where some people believe that the President may veto it. The administration has had one very sorrowful experience in liquidating accumulations created by the Farm Board, and if they profit from this lesson, they will not pass laws that will again artificially withhold supplies from the market regardless of price levels.

As we understand it, there is one provision in the measure whereby the frozen supplies may be used for defense purposes, or for the lend-lease program, but in the main it tends to create artificial scarcity, thus defying all laws of supply and demand.

There was considerable activity right after the opening when the White House confirmed that President Roosevelt and Mr. Churchill had met at sea, issuing a joint statement by the two Chiefs of State on the common principles of the two great English speaking countries. This eight-point objective, looking toward a peace that will be realistic for all nations of the world, and seeking the abandonment of the use of force, may one day become as important a document as the Magna Charta.

Early trade was extremely active, and it seems that the average person finds almost too many important incidents occurring all at once to be able to weigh them all in their proper relationship. There are undoubtedly some places in the country where wheat is selling at about the loan levels, particularly on the sharp advances that occurred today when seasonal highs were established. Still we did not hear of any important selling; nor was there any particular pressure from hedges that came into the market. The chances are that some farmers who were bullishly inclined are still holding on in the hope that either inflation, the war, or further action at Washington may cause still greater advances. But in any event, it is almost a certainty that in the Northwest, where storage space is scarce, more wheat will come on the open market than if the price had been considerably lower. Therefore, it is rather difficult to make accurate calculations until we find out from the CCC what proportion of wheat from the present crop has been impounded. They are always two or three weeks late in their figures; consequently, patience must be exercised in that direction.

Mr. Henderson's proposal for speedy approval of the Price Control Bill was rejected, and the hearings will now be recessed until the middle of September. Therefore, this legislation, which is so far-reaching in its scope, will not be a factor in the trade for several weeks, although it seems to be pretty well assured that nothing will be done to limit agricultural prices until at least there is a semblance of a parity level reached. In fact, some go so far as to hope that the ceiling may be as high as 120% of parity.

So far as actual statistics are concerned, they do not count for much right now. Canada during the first week of the crop season cleared 4 1/4 million bu of wheat, and it is thought that the United Kingdom was a good buyer of Manitobas, having purchased about two million bu so far this week. The trouble seems to be that, with our prices out of line and the large reserves in Canada, very little business comes to us.

Primary receipts were 1,682,000 bu, which was almost the same as last week, and compared with 1,507,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 846,000 bu.

There was considerable profit taking in today's market, with the result that reactions from the high point wiped out early gains, and at the last September wheat was 1/8¢ a bu lower, while December wheat was down the same.

There was also some hedging from the Northwest, although Minneapolis was comparatively firm and gained on us.

Corn was rather indifferent, with buying power lagging, despite political events. The same was true of beans, oats, and rye, which suffered some losses.

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CHICAGO MERCANTILE EX.

CHICAGO August 15, 1941.

The Bill to freeze the present government holdings of cotton and wheat is now on the President's desk, and the Chief Executive has until August 27th to sign, veto, or permit the bill to become law without his signature. From present indications, it appears as though the Secretary of Agriculture is advising the President to veto the measure. However, members of the Farm Bloc in Congress have intimated that if the measure fails to be approved, further attempts will be made to attain the same objective by riders attached to other bills now pending in Congress. Unfortunately, the pressure groups, which seem to have a great deal of influence at the moment, are attempting through their position to obtain certain temporary benefits for the farmer without giving any consideration whatsoever to secondary consequences, or to the effect that such action may have on the future of the farmer. We have always felt that Secretary of Agriculture Wickard had a thorough understanding of farm problems, and if left to his own initiative he could work out a solution that would be more wholesome for the farmer and the country as a whole. But unfortunately, in order to circumvent the demands of the pressure groups, any revising of the farm bill might be more drastic than intelligent planning would dictate.

In the meantime, regardless of the final consequences, the farmer's lot has become much easier. One well known economist points out that the prices at which the farmers sell their products had risen on the average, from June 1939 to June 1941, by about 33%, while the prices paid by the farmers for living and production commodities had only increased 5%. Furthermore, he is receiving indirect benefits, as there is a tendency towards relaxation of state taxes, which burdened the farmer so heavily in the years of depression and towards shifting the burdens for roads, schools, welfare, etc. to the gasoline tax or other sources of revenue.

In view of the present situation in Russia, Broomhall has released some very interesting facts. He reports that, up to July 10th that country had gathered 350% more of the harvest than a year ago, and further states that the Ukraine crop of winter wheat is believed to have been moved away from the invading army. The big oat crop around the Smolensk district is believed lost to the enemy, which would imply that same has either been harvested or destroyed. In the North, where rye matures late, and is only now being harvested, quick work will have to be done in the fields, or else the enemy checked, in order to save this crop for the Russians.

According to Sanford Evans, during the past week, there were widespread showers in Manitoba, but only scattered rains in the balance of the Prairie Provinces. Temperatures moderated from the excessive heat, and as a consequence, crops suffered little or no further deterioration. The Canadian National Railroad reports that there has been a slight improvement in crop prospects in northern Manitoba and northern Saskatchewan, but little change in other parts from the damage already reported.

In our own Northwest, harvesting is progressing and the heavy movement is just about getting under way. Storage facilities are crowded at terminals and country points, but with ample warning of the situation a great deal of temporary farm storage has been provided, which might make the situation less acute than appeared two or three weeks back.

Primary receipts today totaled 1,493,000 bu compared with 1,620,000 bu last week, and 1,554,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1 million bu, indicating an increase in the visible supply on Monday of larger proportions than last year, when the increase was only 771,000 bu. Minneapolis and Duluth received a total of 602 cars today, and the northwest market showed evidence of hedging pressure.

Trade in Chicago was rather light, with the absence of any significant buying or selling orders, and no evidence of any particular mill demand. The market shows lack of real pressure, and receives good support on all breaks. At the close September wheat was 5/8¢ per bu higher, and December was up 3/4¢ per bu.

Showers were received in parts of the corn belt, furnishing relief in those sections; furthermore, temperatures are running more moderate. Corn is receiving some support from buying on part of industry.

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CHICAGO MERCANTILE EX.

CHICAGO August 18, 1941.

Despite the tremendous bounties that have been given to producers and the various farm programs adopted, there is certain opposition and resentment in rural districts, particularly on part of non-compliance farmers who are fined heavily for raising more than "the law allows." This is particularly true with those agriculturalists who never asked for help but who are being punished for trying to maintain their independence. Also, the situation becomes complicated at a time when fines are being invoked for raising too much, while the government is establishing a food granary for post-war world feeding. These farmers find it difficult to understand why they should be penalized while assurance is being given that adequate food supplies will be held to meet the needs of the allies.

At the same time, the grain trade is doing some thinking of its own during this period of transition. The administration has definitely overthrown the theory of creating shortages by supplanting an abundance program, although in practice some farmers will be permitted to increase production while others are being controlled, It is, of course, our aim to become the breadbasket of the world in order that we may be in position to lend and lease after peace is finally established. For a time at least, the needs will be great, since war is always destructive, and many of the countries which have been cut off from overseas supplies are on such strict rations that they will naturally be able to use the reserves which have been built up. Undernourishment has sapped the strength of the civilian population, so that they will exult in the fresh supplies which we shall furnish them; but it cannot be forgotten that even in this plan there is some competition, as other nations have also built up huge surpluses.

A Minister of the United Kingdom has announced that the policy of Britain was to share with the Dominion governments in building up reserve stocks of all storable foodstuffs. He stated that England would share equally with the Dominions any expense of acquiring or holding these stocks. Mr. Greenwood, who made the announcements, added that in purchasing these supplies "the government will keep before them a dual aim: to maintain the efficiency of the producing industries and and at the same time to see that no unmanageable surpluses accumulate in the future." The United Kingdom has already signed an agreement with Australia to purchase and store 50% of the Commonwealth's surplus of storable foodstuffs, including wheat, and the implication now is that a similar agreement will be made with Canada. Thus, Britain is committing herself very deeply, and while it may be possible that our efforts may be directed more toward the Continental nations of Europe, it is a fact that all this planning takes place at a time when even the home production of England is above normal. Therefore, the question of surpluses may be with us for many years to come. After all, there can only be real prosperity when the markets of Europe are open again to overseas wheat and means are found to enable the European countries to pay for their imported supplies.

Primary receipts were, 2,332,000 bu, which was practically the same as last week, and also the same as last year. When the visible supply was posted it showed an increase of nearly 5 million bu. Total stocks in all positions are 215 1/2 million bu, which is 58 million bu more than was on hand in 1940 same date. At Chicago there was an increase of 239,000 bu for the week; at the present we have 15,398,000 bu locally held.

Trade was rather inactive; there was no particular trend in either direction. Weakness at Minneapolis was a factor at times, while strength in soybeans rallied the market from the dips. At the close changes were not very important. September wheat closed 1/2 per bu lower, while the December future was off 1/8¢.

Corn was influenced by fine rains over the belt, and this, together with cooler temperatures should check deterioration. Some of the southern areas have been too dry and firing was general on light soil. The mid-month report of the government may show some reduction from the last estimate, but on the whole this is still regarded as a fairly satisfactory crop.

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CHICAGO MERCANTILE EX.

CHICAGO August 19, 1941

After the close of the market yesterday, the government issued its mid-monthly crop report, estimating the production of the four important spring wheat states. namely, Minnesota, North Dakota, South Dakota, and Montana. These four States produce over 90% of our spring wheat. Their forecast was for 2 million bu more wheat than had been estimated on the first of the month, and if we assume that there is no change in the estimate of winter wheat, then it is fair to conclude that the total wheat production this season will amount to about 953 million bu. This tops just slightly the 1919 crop and gives us the second biggest yield on record, having been exceeded only in 1915, when we raised a little over one billion bu. The increase, however, was not particularly important, and therefore, had scarcely any market effect.

If we compare present conditions with those that prevailed during the first World War, we find that tremendous changes have taken place. At that time, we were doing a large export business, while at the present time we are fortunate if we clear 40 to 50 million bu during the entire season; and even that would have to be accomplished through some sort of subsidy. From 1914 to 1918, the average world shipments amounted to 522 million bu a year, of which we were contributing about 216 million bu, or 41% of the total. Also, at that time everything was done to stimulate acreage in order to furnish sufficient supplies to the allies. Victory bread, as it was called, was made with heavy substitutes, amounting to as much as 25% of the total loaf. Then, too, we had slogans, such as "Eat more potatoes to save wheat," none of which, of course, are necessary at present, since the crop plus carryover is the largest ever reached, while our exports have dwindled to very small proportions. Instead of trying to promote freedom of trade and commerce, we are resorting to all types of experiments, distracting agriculture from its present most seriouspreoccupation: namely, finding markets for its production. History has shown in the past that many of these attempted remedies were finally discarded as being unsound. None of them survive as alternatives for natural economic laws of supply and demand.

Regardless of statistics, one must temporarily recognize the artificial stimuli that have been injected into the situation, and while the government is probably many weeks behind in computing figures as to the amount of wheat under loan, there is every reason to believe that with more farmers eligible than in the past, huge quantities have already been impounded from the present crop. This has been responsible for the artificial rise in prices, and according to the July price report released by the Iowa Cooperative Crop and Livestock Reporting Service, it shows that Iowa farm prices have now reached parity levels. This apparently is the first time that Iowa farmers have enjoyed a parity exchange rate since 1937, when farm prices had reached a high level following the 1936 drought.

Primary receipts were fairly large considering the storage situation, and amounted to 1,549,000 bu versus 1,871,000 bu last week and 1,173,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 473,000 bu.

Volume of trading today was extremely light, possibly about the same as yesterday, when only 9 million bu was traded in the whole pit. The undertone, however, was firm. Minneapolis, which had been very weak yesterday, rallied somewhat, but in spite of this their December wheat at the last was 5 1/2¢ per bu under ours, which is still a heavy discount. Pressure was lacking, and in this respect a good part of the northwest crop has moved without bringing many hedges into the market. September wheat closed 1/2¢ per bu higher than yesterday, while the December future was up 3/8¢.

Corn was also rather firm, despite wonderful moisture in Illinois, Indiana, Ohio, and Missouri. Many of these districts were needing moisture badly, and should soon feel the effects of the relief sustained.

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CHICAGO MERCANTILE EX.

CHICAGO August 20, 1941.

German troops have apparently tightened their grip on the ussian Western Ukraine, launching a full scale thrust at Odessa, the lack Sea port. The Russian dispatches are rather vague, but London ources indicate that even the loss of the Western Ukraine would not e fatal to Russian resistance, and that the important issue will be etermined if the Soviets can preserve their forces on the East Bank f the Dnieper.

This news has not had any particular effect upon the wheat market, although President Roosevelt, at his Press Conference yesterday, redicted that the war would last through 1943. By implication and uoting from Abraham Lincoln, he also reminded the people of this ountry that they must realize that they have a war to win and that hard, tough fighting" is ahead if there is to be final victory. ar news is always construed as somewhat bullish in grains, and with he President's forecast that it might last for another two years, here was considerable buying this morning when the wheat market pened, with pressure very light.

It seems that during the past few weeks, the flour business has een better than the daily reports would indicate. According to the orthwestern Miller, spring wheat mills reported sales at 110% of apacity, compared with 235% a week ago, and 164% a year ago. This hows some falling off, but nevertheless was pretty large, considering hat prices are virtually at the high point of the season and not so ery far from loan levels. In the Southwest, bookings were 117% of apacity, compared with 286% last week, and 78% a year ago. With the usiness now put through, it is generally believed that both bakers nd family buyers are fairly well covered for sometime to come. Undoubtedly this milling demand has lent some strength to the market, s hedges were removed, and may also explain why the open interest has ot gone up more during the period when the Northwest movement was on in rather full swing.

As far as we can learn there is no great relief yet in the storage situation. With the passing of each month, the consumptive demand should be of some help, inasmuch as we grind about 40 million bu a month. Still it takes time to make itself felt, owing to the fact that we have raised such a very large crop and are exporting practically nothing. Duluth and Minneapolis carlot receipts were 820 cars of wheat today, versus 591 cars last week, and 1,112 a year ago.

Trade on the whole remains very light and the volume is small considering the size of fluctuations. Ordinarily when overnight advances take place of nearly 1¢ a bu, there is considerable interest, particularly with the price around $1.20 for the May delivery, but somehow there cannot be the same confidence when the rise is brought about almost purely through artificial means. Farmers, too, have got themselves into a bullish frame of mind, and even those who took storage tickets with the original intention of selling their grain when it got close to loan levels have been holding on, probably influenced by almost daily action at Washington, which seems to encourage higher agricultural prices.

Primary receipts were 1,440,000 bu, or practically thesame as last week when they amounted to 1,452,000 bu; a year ago they were 2,100,000 bu. Kansas City and Minneapolis stocks so far this week show a total increase of 703,000 bu.

The advance in commodities today was broad all along the line. Cotton was sharply higher, and some people now believe that possibly the President will sign the Bill of freezing wheat and cotton supplies. Cottonseed oil also advanced, which in turn brought about new high prices for soybeans. Grains, as previously stated, were up on the possibility of a prolonged war; even oats showed great strength, and about the only setbacks that occurred from time to time were when profit-taking took place. At the last September wheat, which gained slightly on the deferred months, showed an advance of 1 5/8¢ per bu, while the December delivery was up 1 3/8¢.

Corn went with the general list, and while recent weather has been more propitious, it had comparatively little trouble in maintaining its gains.

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CHICAGO MERCANTILE EX.

CHICAGO August 21, 1941

Yesterday's market was up largely on the fear that hostilities ight continue through 1943. Most traders have in mind that during he last war, wheat prices were up to $3 a bushel, but they fail to ealize that conditions surrounding the market at present are far dif'erent from twenty-five years ago. We need only call attention to the 'act that exports of wheat and flour last season were less than 40 mil.ion bu to illustrate our point. We could. of course, reinforce our rgument by calling attention to the fact that Canada, despite a crop 'ailure, will start off next October with about 800 million bu of heat on hand, including reserve supplies, but this is all too well nown.

Our clearances the past season were about 14 million bu smaller han for the previous year, and therefore, this was not just a single eason where by some misfortune we had fallen down. The fact of the natter is that the poor showing reflected the non-competitive position of the United States in world export markets, which is due to the 'ederal price supporting operations, and also, to the disruptions arising from the European war. At no period during the present century ave we done so badly, except possibly in one or two years when there ad been crop failures. During the period, 1898-1902, our average shipments amounted to 211 million bu. During the six years prior to the outbreak of the first World War, clearances averaged about 142 million bu. During the war, when the Dardanelles were closed, and Russia was cut off, we were furnishing 216 million bu on an average, and this was later increased during the reconstruction period, 1920-1922, to 288 million bu. From 1926 to 1931, which included some of the Farm Board years, we were averaging 156 million bu, which was only about 20% of the total world shipments. But, nevertheless, these figures are instructive, as they show very definitely how history has changed and the depths to which we have now sunk, partly due to artificial stimuli. The coming year does not offer much hope for any improvement, should the war continue, although the administration is making plans to pile up surpluses, and thus, make us the breakbasket of the world, so that we can supply undernourished nations once peace is declared.

It is rather difficult to get accurate crop information from Europe, but harvesting of winter grains is being reported in Russia, and a large percentage has been gathered, with yields above average. In the Western areas, of course, losses are expected to be considerable as a result of the war, but harvesting is gradually extending in the later sections. The Italian wheat crop is generally believed to be below domestic requirements, but there does not seem to be much likelihood of importing from other nations; therefore, the problem must be largely met by severe rationing. Continued imports are likely in Spain, but a good part of the wheat has been coming from the Argentine, and we note that of the 2 1/2 million bu placed afloat last week by that country only 735,000 bu was destined for the United Kingdom. It is quite likely that with over a million bu headed for the Continent, a large part of this may have gone to Spain; the balance was probably for non-Europe. In Western Europe, wet weather has interfered with harvesting, but we are again looking forward to a season much the same as the one just closed, when the bulk of the demand will come from England, and this will be satisfied in large measure by shipments from Canada where big surpluses exist.

Primary receipts were quite large at 1,934,000 bu versus 1,682,000 bu last week, and 1,882,000 bu last year. Kansas City and Minneapolis stocks so far this week show an increase of 1,042,000 bu.

The market was subjected to some profit-taking early in the session by locals, and while there were partial recoveries there seemed to be less buying enthusiasm than yesterday. After all, wheat is getting closer to the loan levels. At the last, the September delivery was 7/8¢ a bu lower than yesterday, while December wheat was off 5/8¢.

Corn showed fractional declines. The mid-monthly report will be issued after the close. Some deterioration is expected because of hot weather and insufficient moisture early in the month, although recent rains have arrested further damage.

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CHICAGO MERCANTILE EX.

CHICAGO August $2\overset{2}{1}$, 1941.

After the close of the market yesterday, the government issued its mid-monthly report on corn, and there was a reduction of about 108 million bu in the four large producing states, but losses were the most severe in Iowa. The trade figured that because of the unpropitious weather during the first ten days of August possibly the soybean crop might also have deteriorated. It was on the strength of this that beans were sharply higher, which in turn affected the entire list of grains. This reasoning, in our opinion, is fallacious-- first of all, because proportionately not many beans are raised in Iowa; furthermore, the corn crop in Illinois had suffered but little and those who are expert have claimed repeatedly that while dry, hot weather would take a certain toll from the yellow cereal, beans fared comparatively well. In any event, trade was so slight that it took only moderate buying to boost practically all commodities traded on the Board.

Statistically, there is very little happening in wheat to change one's opinion from day to day. With a crop of about 953 million bu and a big carryover, also assuming that our domestic utilization will be only 650 million bu, we have a tremendous stock on hand, the amount available for export and next carryover having been close to 700 million bu on July 1st. During the first seven weeks of the season, exports of wheat and flour have been only 3 million bu; therefore we are not making heavy inroads into our reserves. However, statistics alone do not count for much, with everything of a highly artificial character. Consequently, anyone trading in the wheat market must lay aside these considerations, at least for the time being, while the government is loaning the farmer much more money than the wheat is worth, thus accumulating surpluses on a scale never before reached. The amounts that are being impounded are so great that actual pressure upon the market is inconsequential.

In the Northwest, the spring wheat crop is about made, and the biggest worry now is that of storage, particularly when the grain comes to terminals. Some claim that there may be about 20 million bu of room left between Minneapolis and Duluth, but yet, with the large amount of grain waiting to be unloaded, it may not be long before all available space is filled. In the meantime, flour sales are offsetting cash purchases, so that not many hedges have to be reckoned with, as would be the case in an ordinary year. Later on, it seems likely to suppose that after the supplies of free wheat are exhausted, the millers and processors will have to bid up prices in order to get wheat out from loan sources. This rather encourages buying on the breaks, as speculators seem fully cognizant of the situation.

In Canada, we do not have the full returns yet, as wheat is just being harvested; private estimates range from 307 to 308 million bu for the Prairies. However, it has been a small crop, with a greatly reduced acreage and a poor growing season. Yet, with the biggest carryover of record on hand, there will be more than enough for all purposes. Exports since August 1st are heavier than a year ago by about 5 million bu, and Canada seems to be the main source of supply for Britain, with prices attractive, and a shorter haul than from Argentina also being an inducement.

Primaries were 1,773,000 bu vs. 1,493,000 bu last week, and 2,078,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,250,000 bu. We expect a moderate increase in the visible supply on Monday, which will compare with last year's increase of 3,788,000 bu.

There had been some nice moisture reported overnight, particularly in the Texas Panhandle, but sentiment was very bullish, with seasonal highs in beans and oats; also hogs sold at $12.00, which was the highest price in years; cottonseed oil and cotton went into new high ground, and this spread to wheat and rye, with the September delivery showing an advance of 1/8¢ per bu, while December wheat was up 1/4¢. There is some hesitancy until it is known whether the President will sign the bill to freeze wheat and cotton.

Corn was not much influenced by the government report, but those who believe that the feeding ratio to hogs is more than satisfactory, hold to the theory that corn should do better.

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CHICAGO MERCANTILE EX.

CHICAGO August 25, 1941

Aside from general moisture over practically all districts, there was little in the grain news over the week-end. Rains in the corn belt should, of course, be beneficial, while in the Southwest it puts the land in good shape for fall work later on, and might even encourage seeding to a larger extent than if the land had remained dry. In the meantime, harvesting of spring wheat is near completion, and threshing returns have shown good yields and satisfactory quality. Therefore, not so many surprises are in the offing when the next government report is issued. We can, therefore, say that from a statistical point of view, everything is pretty well known-- even for Canada, where estimates are now running somewhat below 300 million bu for the Prairies, and where weather will not be an important factor from now on.

The trade had been patiently awaiting the Presidential verdict on legislation to freeze government stocks of wheat and cotton. At about noon, it became known that the Chief Executive had taken adverse action, declaring that the bill was contrary to sound governmental policy and to the long-time best interests of both farmers and consumers. He also foresaw that passage of the bill would seriously affect the AAA program, and when this news became public, markets broke about 1/2¢ a bu, but locals who had sold out and who tried to reinstate, ran prices up sharply, figuring that even without legal action to impound supplies, the CCC would not ruthlessly dump accumulations upon the market.

The basis for cash wheat has become firmer, with no undue pressure upon the market, and with discounts narrowing, it has had a little more stimulating effect upon the September delivery, reducing the carrying charge all along the line. It seems that the artificially high level is a detriment to carrying charges in the sense that we used to know them, and this makes the cash business more uncertain than ever before. Most large elevators have found this out, and in some cases, to their great dismay, the result being that storage space throughout the country is being used in large measure for the housing of government grain. While the storage rate is not altogether satisfactory, some warehousemen have found that this is less risky to them in the conduct of their business.

Routine news did not count for much. World shipments were slightly over 6 million bu, which was a little less than a week ago, but more than last year. We continue to suffer from inability to sell much wheat to Europe, with our prices far out of line. It is noteworthy to look at the Argentine, as even this country, being much farther from consuming markets than we are, was able to export 130 million bu of wheat and flour last year, and for three weeks of the present season has placed 6 1/2 million bu afloat. Thus, it is again drawn to our attention that an artificially high price level has its secondary consequences.

Primary receipts were 2,243,000 bu vs. 2,332,000 bu last week, and 2,761,000 bu last year. When the visible was posted, it showed an increase of slightly over 2 million bu. Total stocks in all positions amount to 217 1/2 million bu, which is 56 1/2 million bu more than was on hand in 1940. In Chicago, there was just a slight increase, with 15 1/2 million bu in this market.

The market was nervous and erratic, but best prices of the day were not maintained. There was some profit taking on the statement from the President that the Commodity Credit Corporation should be free to dispose in an orderly manner of commodities acquired under federal loan programs, and at the last September wheat was 1/8¢ a bu higher; the December future advanced 1/4¢.

Corn was somewhat reactionary, and even when the leading cereal had advanced sharply, there was some indifference. It seems that on advances country offerings are fairly liberal, and while the new crop shows some unevenness in the yields, recent rains have improved the outlook, and some counties that have been particularly well favored with moisture are expected to produce the best crop in years.

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CHICAGO MERCANTILE EX.

CHICAGO August 26, 1941.

Many of the advocates of the Bill to freeze wheat and cotton had warned that negative action by the President might have a very depressing effect upon price levels. They may have had in mind that the C.C.C. was contemplating selling the accumulated surpluses, without regard to market conditions, and that there was a distinct desire to put these supplies immediately back into circulation. As a matter of fact, this had never been intended, nor to our knowledge, was it even threatened. The implicationnow is, that the Government-owned stocks will not be released soon, and, therefore, the status is just the same as before this legislation had been introduced. In other words, if an emergency arises, whereby the impounded cotton and wheat should be needed, the hands of the Government are not tied. On the other hand, the President's veto has not been the signal for forced liquidation.

When our market opened this morning the trade was impressed by further strength in cotton, and also encouraged by the action of the wheat market yesterday. There were some who had argued that possibly a break of 3 or 4¢ might result from the shock of the first news. Therefore, it was not surprising today that short sellers were very timid, and with some additional buying orders right after the opening, prices were considerably higher. However, volume of trade was rather light, and there does not seem to be any real "punch" to the market. Despite the fact that the milling demand was reported as only moderate, there was still very little pressure from hedgers, although at Minneapolis the cash market had a weaker undertone, with demand poorer. There were 712 cars of wheat received there, and 306 at Duluth, or a total of 1,018 cars compared with 919 last week, and 1,496 cars last year.

We believe that Broomhall sizes up the situation correctly when he states: "The problem of unsaleable surpluses which has so long troubled and confused the exporting nations, will not be finally and satisfactorily solved until world consumption has been stimulated and the means of distribution improved." Of course, there will be a period once peace is declared when the demand for foods will become very important. There is every reason to believe thatmany countries of the Continent will be short of bread before the 1941-42 season has ended, and it may take many years to reorganize agriculture in the extensive battled-scarred regions. However, for anything permanent we are less hopeful, because the more impoverished those European countries are, the more likely they will try to regain their agricultural status in an attempt to become self-sufficient within their own borders.

There was very little in the overnight news, except further moisture, which was quite extensive. This, of course, is important to get the land in good shape for the seeding of winter wheat. Wichita reported already that seeding had started in western Kansas, and scattered rains have prepared the ground in most areas. Just to what extent acreage will be restricted remains to be seen, but the very high loan figures have brought more farmers into the AAA program, and many who had never participated before have now signed up.

Primary receipts were fairly substantial, at 2,229,000 bu versus 1,549,000 bu last week, and 2,582,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 485,000 bu.

At no time was the market very weak, despite the fact that futures at Winnipeg reached the lowest levels of the season. Of course, without the threat of imports, the situation is different from formerly, and with so much wheat eventually impounded, it is almost a foregone conclusion that we shall finally have to reach loan levels. Soybeans were very strong, going into new high ground. This may have had a little influence in rallying the world market in the final minutes of trade. At the last, September wheat was up 3/4¢ per bu, while the December futures advanced the same.

Corn was firm, but rains were beneficial, and it seems rather difficult to inspire much bullish enthusiasm in this cereal. At the same time country bookings are just moderate.

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CHICAGO MERCANTILE EX.

CHICAGO August 27, 1941.

For half a century or more, hardly a grain man in this country could operate successfully without inquiring the first thing each morning how quotations at Liverpool were running. This was the pulse of European demand. But ever since the war started, the Liverpool market has been closed, and our export business has dropped to very small proportions. We are no longer concerned with the thought of reducing our surpluses, since the administration feels that after peace is declared there may be a large outlet for foodstuffs in general to the impoverished countries of Europe.

The trade has become so used to artificial factors that for the past month or so they have been watching cottonseed oil and cotton quotations before our market opened, as a possible cue to what might happen later on in the grain market. For a time, of course, there was some soundness to this action, inasmuch as the administration is handling cotton and wheat in about the same manner through various legislative programs. Now, however, cotton seems to be advancing more on news of crop deterioration and the boll weevil infestation than on the hope that the southern farmers will get some additional help from the government. Therefore, it is possible that before long wheat and cotton will come to the parting of the ways. After all, we raised a wheat crop of about 953 million bu, and without a foreign demand, surpluses will continue to pile up for a long time to come, while in cotton, the crop has been a disappointment, and with the increased industrial demand, it is likely that the home consumption will be very large. We can easily foresee that if the price of wheat should advance another 5 to 10¢ a bu, many farmers would be in position to redeem their loans, and thus, place wheat back into commercial channels. We can also imagine that with some resentment to the rising costs of living, the government might also be induced at a higher figure to sell some of its impounded holdings from previous crops. Therefore, there is no certainty that wheat prices will continue to rise indefinitely.

In the meantime, Minneapolis traded today at about the largest discount under Chicago that it has sold on this crop, and cash wheat is rather depressed, particularly for the lower proteins. Consequently, it is not easy to sell cash wheat out of Chicago to the East, and there is even the possibility that we may finally be compelled to take some of the Northwest wheat to our market if the spread should widen further. This does suggest that some caution might be necessary on any further advances, at least for the time being, since there is still a good deal of wheat in the spring wheat territories that has not yet found a permanent home.

Ordinarily, when Winnipeg wheat is selling at 42¢ a bu under Chicago, or nearly 50¢ under taking exchange into account, it is a danger signal that imports from our northern neighbor are inevitable, but the government has protected itself in this connection in order to safeguard the agricultural program, and the only significance to the great weakness in Canada is that we are much further from an export basis than ever before. Thus, we can only conclude that on July 1, 1942, we may have 600 million bu or more wheat on hand, which is almost 50% more than the largest carryover supply on record. In other words, it will afford almost a sufficient quantity to take care of one year's domestic consumption without raising another bushel. As we have pointed out in previous letters, the statistical status is obscured for the time being but could come into play again if sizeable quantities of wheat are finally released from the loan, and this is something that every cautious trader must finally bear in mind.

Primaries were quite large at 1,803,000 bu versus 1,440,000 bu last week, and 1,376,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 747,000,000.

Wheat was strong throughout the session, and went into new high ground for the season. Toward the last great strength in soybeans was a factor. September wheat showed an advance of 1 1/8¢ per bu, while the December delivery was up 1 1/4¢.

Corn was rather indifferent for a time, but finally felt the effects of the general commodity rise. Condition of corn and soybeans is above average for the State of Illinois, but it seems that crop prospects are ignored now; in fact, routine news has very little influence.

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CHICAGO MERCANTILE EX.

CHICAGO August 28, 1941.

There was all kinds of political news overnight. The ex-Premier of France, Mr. Laval, was wounded at an anti-Soviet rally; Iran ceased resistance when the new cabinet was formed; reports from Shanghai stated that the Japanese cabinet faced a serious internal crisis because of disagreement on procedure regarding Britain, Russia, the United States, and the Netherlands East Indies; and lastly, the Nazis again claimed destruction of the Soviet army, but none of these factors had any particular influence upon grain markets. The carryover feeling was rather bullish. Yesterday, great strength had developed in cottonseed oil and soybeans, and with commodity upturns there was some inspiration for purchases in wheat, even though prices were getting rather close to loan levels. Therefore, it was not surprising that further advances should have been established this morning, with all wheat futures going into new high ground for the season. Otherwise, there was very little to guide one's operations.

Ordinarily at this time of the year eyes are focused toward the Southern Hemisphere in an effort to gauge production later on; but practically nothing has been heard so far about crop developments, except that beneficial rains have fallen in Argentina, and these should help germination of the late-sown crops. There has been no estimate yet on acreage, although it is considered likely that changes from last year will be unimportant, when about 17 1/2 million acres were sown. It is noteworthy of mention that the Argentine government has recently purchased 16 Italian ships, having a tonnage for handling of about 6 million bushels of grain. This will relieve the tight freight situation which exists at this time. Negotiations are also taking place for the purchase of six Danish ships, but in any case, the former vessels are expected to be ready for service within a month, and will be manned by Argentine crews. Therefore, shipments from that country may be somewhat heavier during the weeks to come.

In Australia, moisture conditions are far from satisfactory, although the drought is nowhere near as serious as last year, when there had been a crop failure. In any event, Australia has had considerable difficulty in getting her grain into exporting channels, and at the present time the visible supply is about 43 million bu compared with only 15 million bu a year ago. We are still without definite knowledge as to the size of the crops in Europe, but Broomhall has estimated the 1941 European wheat crop, exclusive of Russia, at 1,520 million bu, which is an increase of 120 million bu from the previous year. However, this is considerably less than the crops for two seasons before that.

In spite of the shortage, import requirements are estimated at only 328 million bu, and it is interesting to compare this with the previous war, when world shipments ran as follows:

1914-15	1915-16	1916-17	1917-18
477,024,000	541,464,000	499,368,000	316,872,000 bu.

Thus it will be seen that only during the last year of hostilities did shipments fall to such low levels; therefore, the picture as far as the United States is concerned is not a very happy one while the war continues. Since August 1st, world shipments of wheat and flour to European and ex-European nations have been about 3 million bu more than in 1940, but on the whole, we expect that clearances will be no larger than they were the past season, and in fact, they might be slightly smaller.

Primaries were 1,723,000 bu versus 1,934,000 bu last week, and 2,342,000 bu last year. Kansas City and Minneapolis stocks so far this week show an increase of 888,000 bu. There was never any decided weakness to the wheat market, although at times it was hesitant. At the last, the September future was 1/4¢ per bu lower, while December was down the same.

Corn turned strong late in the session when the CCC indicated that the government selling price of #2 yellow corn basis Chicago would probably be raised in the near future. This contemplated increase is in order to bridge the gap between present prices and the new loan level of next season.

Oats were very strong because of a Canadian government control measure prohibiting exports of feed grains from that country, except after securing an export license. This action was taken because of a reduction in the yield of coarse grains.

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CHICAGO MERCANTILE EX.

CHICAGO August 29, 1941.

It had been expected for sometime that ceilings might be placed over certain commodities where rises had taken place too fast, but very few people considered for a moment the possibility that speculative purchases in some lines would be prohibited. Yet, the overnight news disclosed that Mr. Henderson, in a four-point regulatory program, had taken just such action, designed to eliminate speculative practices in markets of some 1,800 fats and oils. This is a rather large order, but as we view it, the government has departed from its previous program, and will now only permit business by trade interests where deliveries against forward purchases are completed within forty-five days of commitment.

Since we only get this information through the press, there may be changes of which we are not aware, but in the meantime, the uncertainty was sufficiently great that trade in cottonseed oil and in lard had been suspended until further notice. It was almost a foregone conclusion that speculators in soybeans and in grain would be influenced by such drastic action, and, therefore, early declines came as no surprise. The trade finds it increasingly difficult to try to guess what Washington will do overnight, and this is probably the reason that the open interest does not enlarge to any material degree.

From a statistical point of view, there is nothing of particular note. We might mention in passing, however, that since August 1st, Canadian shipments of wheat and flour have amounted to more than 14 million bu, compared to a little less than 7 million bu last year, but we are not overly sanguine that this ratio will continue for the reason that European requirements should not be larger than they were the previous season, although for the time being Britain is getting her supplies mainly from Canada. In eight weeks, we have cleared slightly less than 3 1/2 million bu, but it appears to us as though this would be another season similar to last year when exports were rather difficult to accomplish, and possibly the situation is even worse, owing to the fact that Winnipeg futures, taking the exchange into account, are selling at 50¢ a bu under ours, with their wheat of higher quality. Of course, there are always certain countries which use trade brands and which buy our flour regardless of price, but as far as shipping in commercial quantities, it seems to be almost out of the question.

Primary receipts amounted to 1,676,000 bu compared to 1,773,000 bu last week, and 2,219,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,069,000 bu. The increase in the visible supply on Monday is apt to be less than a year ago when it amounted to 5,371,000 bu.

Trade was of moderate proportions. There is naturally some uneasiness with developments at Washington having so much influence on prices here. We, ourselves, fail to see how any market can be maintained simply by cash interests. One need only look at the CEA analysis of lard contracts on June 30th to see how true this is. At that time, there were 1,108 speculators who held nearly 90% of the long positions; on the other side of the market there were 27 hedgers whose interest amounted to 95% of the short commitments. Therefore, it is obvious that these hedges are being carried by speculative accounts, and if the latter are eliminated it might ruin the hedging market altogether. Just before the close the OPACS indicated that Mr. Henderson's order was not designed to prevent trading in futures contracts, including lard and cottonseed oil. This was responsible for the late recovery in prices. Further advices are now being awaited. Minneapolis cash wheat seems to be in somewhat better demand; in fact, the Northwest market has gained a little upon Chicago during recent sessions; apparently price is a great regulator, and when the relationship made Northwest wheat attractive, new buyers were found. At the last, our September wheat showed a decline of 1/4¢ per bu, while the December delivery was off 3/8¢.

Corn was firm, with the May future gaining somewhat on other months. It is still felt that there may be some deliveries on September contracts, and this has had the effect of widening the carrying charge a little further.

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CHICAGO MERCANTILE EX.

CHICAGO September 2, 1941.

Late last Saturday, tenders on September contracts were posted, and the indicated deliveries in all commodities and in the various markets were considerably more than had been expected. This apparently had more influence in widening carrying charges today than it did in depressing the price of wheat, corn, rye, or lard. In some instances, the spread differential was actually greater than the cost of carrying the commodity between now and December. Whenever such a situation arises, there are generally people with sufficient financial backing to take advantage of these circumstances. In wheat, for instance, the storage only amounts to 1 1/4¢ per bu per month, and for three months the total storage would be 3 3/4¢. Of course, there are other charges, such as insurance and interest on the investment, but with the storage situation such as it is all over the country, the warehousemen are not particularly alarmed over the thought that some of the grain may be moved out of here, because within a few months there is bound to be corn, and there will also be soybeans coming to market. Therefore, we have a different picture from anything that has been experienced here in the past several years.

As far as other news was concerned, it had no particular market influence. Rains were moderate to heavy over many portions of the Southwest, and according to Mr. J. F. Moyer of Dodge City, his association feels that the 1942 winter wheat crop may be seeded under the most favorable conditions of any during the past ten years. The sub-soil of western Kansas is still saturated, and it is pointed out that with the generous and widely scattered rains since July over most of the State, one may consider that a crop seeded under such conditions is about half made.

The trade, however, is not looking this far ahead. In this country they have almost discarded statistics entirely, and even with the total world wheat supplies, exclusive of Russia and China, expected to be of record size, there has been very little pressure upon markets at any time during the crop moving period. The indications are that the world wheat crop is about 50 million bu larger than last year, and world stocks are at a new high level. There have been reductions in the Argentine and in Australia, and even some in North Africa, but yet these are more than offset by increases in other parts of the world. Most people still place faith in the ability of our government to go through with its plan of subsidizing the farmers through the loan policy, and up to the present time there has probably been a larger amount of impounded wheat than at any period since the loan program was first invoked. There are no definite figures to substantiate this, as the CCC has a great problem of keeping books where individual loans are often so small; But we are convinced that with the small amount of free wheat marketed, no one will contradict our statement.

Broomhall tells us that the Argentine wheat acreage was placed at 17 1/2 million acres, or practically the same as last year. He also mentions that, according to a Moscow dispatch, production of grain in the Soviet Union will be the largest this year since the creation of the Union. However, it is admitted that loss of territory will finally reduce the quantity obtained, but in spite of this, harvest should be adequate to cover all emergency needs.

Primaries were large at 3,169,000 bu versus 2,229,000 bu last week, and 2,474,000 bu last year. When the visible supply was posted today, it showed an increase of nearly 3 million bu, with visible stocks 220,643,000 bu, or 54 million bu more than was on hand a year ago. Chicago showed a slight increase, with nearly 15 1/2 million bushels locally held.

Our market was firm during most of the session, with the great strength in cottonseed oil and cotton, and new high quotations in soybeans. Seasonal lows for Winnipeg wheat were ignored, but we can hardly imagine that there can forever remain a spread of 50¢ per bu between Winnipeg wheat and ours, although for the time being artificial influences have brought this about. While winter wheat acreage will be further reduced under the AAA to about 55 million acres, there has been more fertilizer than ever sold to farmers in parts of Oklahoma, which means more intensified wheat farming; and undoubtedly this is quite general. September wheat was finally 1/4¢ per bu lower, while the December advanced 3/8¢.

Corn was firm, but there was no particular feature; recent weather has been beneficial for the most part. CCC advanced its asking price 1¢ per bu.

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CHICAGO September 3, 1941.

Two years ago today Britain and France declared war on Germany. Much has happened in the meantime. Those who were bullish on wheat because of the possibility of a large demand from Europe were greatly mistaken in their calculations. Nevertheless, they made money if they pursued the constructive side of the market, but this was mostly due to the artificial influences that have prevailed in this country through the high loan program. No economist could have predicted in advance what might have taken place, but it is interesting to note tha the Bureau of Agricultural Economics, which is an organization set up primarily to give farmers crop and statistical data, has had to abandon purely academic reasoning. In a report just released, they make the following statement:

> "Withholding of large quantities of wheat from the market by growers might cause the grain to advance at least 10¢ a bushel above present levels within a few months, despite existence of the largest domestic supply on record."

This agency has had to take cognizance of the fact that temporarily supply and demand are not functioning normally. They foresee that the commodity loan program will contribute to possibly a further advance, as co-operating farmers under the AAA may obtain loans at an average local market raté of 98¢ a bu. Another influence is that wheat seeding for the 1942 crop will probably show a reduction in acreage. Of greatest importance, however, are the secondary consequences in building up tremendous reserves, although at present nobody seems to be worrying very much about the final disposal of wheat, since it is assumed that if the war should end within the next year or two, we may be called upon to feed the hungry peoples of Europe.

Shortly after the opening, the private crop experts released their views onthe spring wheat crop, but the condition as of September 1st is hardly different from what had been expected; therefore, the news fell flat as a market factor. The trade, however, was impressed with the official forecast of a further price rise. Before our market opened, cottonseed oil had gone into new high ground, also cotton futures were higher; consequently, it was almost a foregone conclusion that with these combined influences there would be sufficient buying to give us a material advance in wheat. Volume of trade, however, was small, and there was some profit-taking on the theory that we were coming closer to loan levels. Also, the wonderful rains during the past few weeks have put the soil in excellent condition for fall work, and this created some hesitancy, although there was very little pressure from hedging sources. It is quite likely that the peak of the movement has been reached in the Northwest, and at the present time mills state that their cash purchases just about offset their sales. Today receipts were light at Minneapolis, with only 238 cars received; the demand was very good, and some of the 14% protein wheat was up 1/2 to 1¢ on basis, but that market remains about 5¢ under us for the two December futures.

Primaries were 1,507,000 bu versus 1,803,000 bu last week, and 1,988,000 bu last year.

Plowing for fall wheat has been pretty well under way everywhere; in Illinois, about 89% of the work has been completed, compared with only 54% a year ago.

There was a fairly bullish sentiment all around; the line of least resistance was on the bull side of the market, and new highs on the crop were established, with September wheat closing 1 1/2¢ per bu higher, while the December delivery was up 1 7/8¢. Rye also went into new high ground.

Corn was strong, and crop experts reduced their views slightly from earlier estimates. At the same time, the crop is maturing more rapidly than usual, and in Illinois it is expected that 78% of the crop will be safe from frost by September 20th. This compares with 64% a ye ago. Late corn has been materially benefited by moderate to heavy rains that occurred rather generally. Here again, we find that artificial influences are playing a very important part in determining price levels With hogs and lard at these levels, feeders are finding great encouragement to use their corn. Pastures and young clover have shown a general improvement as a result of the recent rains.

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KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Sept. 4, 1941.

The grain trade proudly points to the fact that there are many en in the industry, as well as in the milling trade, who have spent heir entire life conducting a foreign business in either wheat or lour. Without attempting to cast aspersion, we doubt whether there re many responsible for our farm policies who can boast of similar xperience, and without practical knowledge, theories are of little vail. We say this, having, ourselves, spent long years in the export ield. Our partners have made trips to Europe almost annually, and ur Company has maintained foreign offices, so that close contacts ere always available. We recall the loss of our foreign markets durng the Farm Board era, and these were never completely regained. urope went elsewhere for her supplies, and obtained them. In wheat, s in other articles, once neglected it is quickly forgotten. There ere years recently when we tried to reestablish our foreign contacts; urope had forgotten what our wheat looked like, and we were compelled o sell almost everything by sample. This was a great handicap, because ur wares were no longer familiar to buyers on the other side. Conequently, volume dropped to small proportions.

At the present time, the same thing is happening to our flour usiness, and it is very serious. Trade names that are not kept beore the public soon are replaced by brands from other lands. The igh price level here compared with Canada is driving flour business rom our shores. It is true that the government is offering subsidies, ut they are entirely inadequate to produce any business. We undertand that the SMA has refused to increase the subsidy rate of $1.35 barrel, although the present difference between Canadian and United tates values probably warrants a subsidy above $2. They claim that t will cost too much and that they do not have the funds. But they o have money to pour out to farmers, which has increased the price f wheat, and in overlooking the secondary consequences, it may finally esult in a great loss to the country if we now lose the foreign export business in flour as we have apparently lost it in wheat.

The carry-over feeling from yesterday was quite bullish. At he present time we are spending about $2 million a day for food shipents to Britain under the Lend-Lease Act, and these are likely to inrease this winter, according to a well-known authority. Also Russian equirements are being taken into account, and this, together with he Department of Agriculture's plan to increase dairy products and arious foodstuffs, and at the same time to maintain price levels, as been construed in a bullish vein by the grain trade. Furthermore, here will be restriction of acreage devoted to cotton, tobacco, and wheat, and this all suggests that our planned economy may be carried uch further.

There was a fair milling demand both at Minneapolis and here; in fact, Minneapolis futures gained somewhat on us. According to he Northwestern Miller, the spring wheat mills sold 108% of their apacity this past week compared with 70% a week earlier, and 62% last year. Southwest mills reported sales amounting to 93% of capacity vs. 56% the previous week, and only 19% in 1940. Apparently buyers are becoming more reconciled to higher prices.

The primary movement today was somewhat smaller, at 1,102,000 bu against 1,723,000 bu last week, and 1,493,000 last year. Kansas City and Minneapolis stocks so far this week show a total increase of 472,000 bu.

There was some hesitancy at times, but wheat values were able to maintain themselves above the previous close throughout the session; profit-taking when it appeared, seemed to be absorbed in orderly fashion. At the last, September wheat showed an advance of 1 1/4¢ per bu, while the December delivery was up 7/8¢.

Corn was very firm, and there is the belief in the trade that feeding will be carried on so extensively that the disappearance should greatly increase. According to the Bureau of Agricultural Economics, during the current season we shall feed about 2,230 million bushels of corn, while 230 millions will go for other purposes. In other words, combined consumption of 2,460 million bu. They forecast a carryover on October 1st of about 675 million bu; for the following year they are counting on increased consumption of 100 million bu, but if this is correct, we shall still have very big reserves on October 1, 1942.

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DAILY MARKET LETTER

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CHICAGO Sept. 5, 1941.

The carryover feeling from yesterday was quite bullish. Wheat had closed at the season's high, and most other cereals were also in new high ground; but sentiment was a little tempered when our market opened owing to the fact that cotton quotations were lower. There was some profit taking but the offerings were well absorbed, and there seemed to be little give to the market, with the result that new buyers were encouraged. The market, after a slight pause, established further gains, with July wheat being traded for the first time and selling at a higher price than the May delivery.

We expect within the next few days that the Department of Agriculture will come out with its program dealing with surplus crops, and also, food necessities for Europe. Outside of the three commodities in which an acreage reduction is being sought: namely, wheat, cotton, and tobacco, it seems that the policy will be one similar to the last war when we were attempting to build up large surpluses for Europe. We have in mind that the United States during the first World War made a strenuous appeal to her farmers to increase their wheat production, and finally guaranteed the price at $2.26 a bu, or thereabouts, in an effort to raise enough food for the allies. Despite these great efforts, when the war was over supplies were extremely small, and it was about 1921 before the world raised sufficient quantities for its requirements. After that time, a decline in values started, as the whole world had been encouraged to increase acreages owing to the high price which existed during the war. We are apparently trying to avoid a repetition of these conditions in wheat, but whether we shall be able to prevent serious repercussions in dairy products and other articles that are presently being stimulated to take care of Britain, remains to be seen.

The winter wheat crop is getting off to an excellent start. There has been ample moisture almost everywhere. Soil conditions throughout Kansas are reported to be the best in years, according to both State and Federal reports. Seedbed preparation is virtually completed, although a somewhat smaller acreage will be planted.

The trade paid very little attention to routine news, or to statistics, but this has been the case for some time. In fact, with May wheat 10 1/2¢ per bu above the loan, and only moderate quantities being redeemed, it lent belief to the fact that the farmer was still in a bullish frame of mind, and might not liquidate his Federal indebtedness at these levels. Of course, he has a period of eight months from the time his loan was entered into to decide whether he shall default to the government, or pay off, and since he has nothing to lose if he finally defaults, the advantage is all in his favor. Thus, he is permitted to speculate with government money. Under such circumstances, there seemed to be very little pressure upon the market; in fact, some buying took place, as flour business was put through and hedges were lifted. We hardly remember a day like the present one, for the reason that practically all domestic grain futures made seasonal highs. There are periods when one or two commodities are buoyant but the fact that even articles such as rye, which is way above the loan, scored gains, and other articles like soybeans, where there is no loan at all, seemed to give us a little different picture from what one would expect in normal times.

Primary receipts were moderate at 1,592,000 bu vs 1,676,000 bu last week, and 1,650,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 555,000 bu. We expect a rather moderate increase in the visible supply on Monday, which will compare with a gain last year of 4,123,000 bu.

It is rather difficult to have firm convictions with our prices more than 50¢ above those in Canada, taking exchange into account, with everything here so artificial, but the thing to watch is the amount of wheat that is withdrawn from the loan and returned to private hands. Whenever this occurs in volume, the entire situation may change. At the last, September wheat showed an advance of 1 3/8¢ per bu, while the December future was up the same.

Corn was very strong, and speculative buying improved; the same refers to oats, rye, and soybeans. It is rather surprising that the open interest does not increase to a greater extent.

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CHICAGO Sept. 8, 1941.

Shortly after the opening this morning, the Secretary of Agriculture announced the farm program for 1942, which calls for the largest production in the history of American agriculture. This is intended to meet the expanding food needs not only of our own country, but also for those nations resisting the Axis. Production goals will be set up in order to increase supplies of vitamins, pork, eggs, evaporated milk, cheese, poultry, vegetables, and a long list of other articles rather difficult to mention in a market letter of this kind. However, the implication is that feeds of all descriptions will be needed to increase dairy and poultry production, and to take care of the expanded food production program in connection with hogs, lard, fats etc. All this is being done to avert any possible food shortage, and Britain alone is expected to take from 6 to 8% of the total American farm production. At the same time, articles like cotton, wheat, and tobacco will still be rigidly controlled, but there is no surprice in this; in fact, the whole program had been more or less expected, although the announcement today had a very stimulating effect upon markets, particularly feed grains and lard.

As far as wheat is concerned, there is no change in the general character of news. If the total wheat seedings turn out to be about 55 million acres, and if average yields are obtained, production next year should total about 650 million bu, or slightly less than our domestic utilization. Therefore, under normal conditions we shall finally go into a period when inroads will be made into our supplies. Yet, we do not foresee anything drastic, as it is quite likely that the carryover on July 1, 1942, might amount to 625 million bu, or more, which figure, if reached, would be about 50% larger than the previous record reserve. In wheat, we have now reached a point where the farmers may sell. There are no signs yet that any large quantities are being redeemed, but at least, prices are above loan levels, and there is always the possibility that some wheat will come back into private hands. This suggests caution, particularly on bulges, and we believe that the market shows a little more hesitancy than heretofore.

It must also be remembered that our exports are down to very small proportions. Even the clearances of flour were subnormal, and last year less than 5 million barrels were shipped abroad that were actually ground from domestic wheat. With the government granting subsidies that are entirely inadequate, many of the mills, which for the past half-century enjoyed a very large trade, are finding that their foreign connections have been cut off. One mill in Ohio recently told us that they had a very large business in Scotland. Their agents from there have been writing continuously, and they want American flour. They have even offered to supply the vessels for the shipments if delivery is made in New York, but the SMA constantly refuses to allow the subsidy rate to apply on shipments of flour to the United Kingdom. Thus, it is possible that a profitable business, conducted over the past fifty years, may not only be brought to an abrupt ending, but may never again function. Apparently, no progress can be made with the authorities in Washington to correct this evil.

Primary receipts were slightly less than 1 1/2 million bu. A week ago there was a holiday; last year they amounted to 2,815,000 bu. When the visible supply of wheat was posted it showed an increase of 3,181,000 bu; this was less than last year, but still total stocks in all positions are 53 million bu more than they were in 1940. At Chicago, there was just a small gain in supplies, with the total in excess of 15 1/2 million bu.

After mid-session everything became very strong. Soybeans advanced 8¢ per bu, which is the full permissible limit for a single day's trading. This encouraged speculation all along the line, with September wheat showing a closing gain of 2¢ per bu, while the December delivery was up 1 5/8¢ per bu.

Corn was strong on the theory that feeding operations would be heavy; and soybeans made new highs on the crop, despite the fact that one prominent authority believes that his previous estimate of 128 million bu for this year's production may be too low.

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CHICAGO Sept. 9, 1941.

It is difficult for any student of grain conditions to reconcile the statistical position of wheat with the present price level. For the year beginning July, 1941, we had total supplies of about 1,340 million bu, which was the largest amount ever reckoned with. Only once before in history was a larger crop raised, but at that time the carryover was nowhere near the 387 million bu reserve at the beginning of this season. Therefore, it is obvious at the outset that while we are experiencing a period similar to that of scarcity, insofar as the price level is concerned, the scarcity is due almost entirel to the artificial stimulus occasioned by the government loan program.

Consequently, it behooves anybody who is trading in the market to try to figure out when the situation may change, and we believe tha with possibly 170 million bu of the reserve that has been virtually frozen to date, it will be quite a factor should this wheat be freed. There are signs that there is at least some thought in this direction, after the Presidential veto of the measure that had been intended to lock up both wheat and cotton holdings for the duration of the emergenc While it is apparent that the government does not intend to dump supplies ruthlessly upon the market, it is also interested in seeing that the consumer is not penalized too severely in the general program. Consequently, with July wheat selling at about $1.30, we feel that prices are at least on a debatable basis. If this were February or March when many of the loans would mature and the farmer had to make up his mind whether he would default or redeem, we are convinced that millions of bushels would be withdrawn from the loan, provided the price of May wheat were at the same level as at present.

It is reasonable to suppose that the artificially created scarcity may change before the end of the season, and should enough grain come back to private ownership, of course, we would have a truer picture of what has actually taken place. We are not only figuring that the grain from the last crop may be returned to usual commercial channels, but it is also likely that a good deal of wheat that has been impounded from the current season, may also be redeemed. This all makes a great difference in the final windup. In other words, if we have a reserve supply next July of 625 million bu, and if a good percentage of it is in the hands of the trade, even a smaller crop for 1942 would mean less holes to fill. This would be more bearish than if the bulk of the reserves were under government ownership, with everything again of an artificial character. Figures from the Department are somewhat late, as compilation is slow due to the many small loans, but as of August 30th, there was 116 million bu of wheat tied up from this year's crop; and we shall not have the whole story until all transactions have been completely cleared through the CCC records. Past experience has taught us that this is a very slow process.

The sinking of the U. S. freighter did not cause much concern, even though it was more belligerent, although later in the session the State Department announced that an American operated steamship had been sunk by a torpedo. This rallied prices from the low point of the day. We were, of course, influenced also by the further tremendous advance in soybeans, with opening prices up anywhere from 6 to 7 1/2¢ per bu. This latter cereal also found good support on breaks, and it stimulated trade in other commodities, with general improvement in speculative dealings. Yesterday there was 44 million bu traded in all pits, which was the best in some time. It seems the public has been aroused over the 1942 farm program, calling for the largest production in history of American agriculture.

Primaries were 2,156,000 bu vs. 3,169,000 bu last week, and 2,079,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 298,000 bu.

While there was heavy profit-taking at times, the market could not be construed as weak. There is still no appreciable pressure from the cash article. At the last, September wheat was up 1¢ per bu, while the December delivery advanced 1 1/8¢.

Corn was in fairly good demand, despite the big discounts of cash corn relative to September. The carrying charge between September and December is also very wide, but some people are afraid there may be track deliveries the latter part of the month.

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CHICAGO Sept. 10, 1941.

After the close of the market yesterday, sentiment was very bullish. The wheat market had made a good recovery from the low point of the day, and soybeans had advanced another 8¢ a bu, with the May delivery nearing the $2 mark. Of course, many people are impressed with market action of this character. The overnight news, however, did not seem to favor longs for the reason that Secretary Morgenthau, in a speech at Boston, came out openly in a fight against inflation, and presented a program for dealing with it. His principal argument was the easing of the upward pressure on the cost of living, by releasing the large reserve stocks of farm products for consumption, as fast as necessary in order to prevent unreasonable price advances.

We regard his warning as both timely and sound. In fact, we had mentioned in our market letter yesterday that, with July wheat reaching the level of $1.30 a bu, possibly the consumer would have to receive some consideration at this point, as heretofore, most of the stress had been placed upon farmers' income. But in all questions of this kind, there are two sides to the issue. We have pointed out for many months past that any shortage in wheat is entirely artificially created, and Mr. Morgenthau confirms this view in stating that we still have a land flowing with milk and honey but that too much of the surplus is in the warehouses. His advice is to make it flow. Thus, it was not surprising that traders who had been playing the constructive side of the market should have been somewhat disturbed in their operations, and there was some liquidation in practically all pits, but it was of a very orderly character.

The Board of Trade has taken the necessary steps right along for the maintenance of margins, and therefore, today's selling precipitated no undue declines, as, after all, the fundamental situation is not changed materially and there is still a vast amount of wheat from the current crop under federal loan. Regardless of what the government may finally do with its own holdings, a large quantity that was and is being frozen from the 1941 harvest is still controlled by farmers, and the chances are that those who are working under the AAA program will only sell to the free trade when prices are more advantageous than the loan level.

There seems to be a little better sentiment in Canada, and wheat prices there advanced, despite our decline. The visible supply of wheat in that country is 470 million bu, even before the new crop has moved, and this is unparalleled in history, but many people regard Winnipeg futures at more than 50¢ under Chicago, exchange included, as offering a good investment purchase.

Not much change is expected in the government wheat report to be issued later in the day. It is now a foregone conclusion that our total wheat production is about the second largest on record.

Flour business today was on a lighter scale, although the past week was a very good one for the trade. According to the Northwestern Miller, the consistent strength in the market kept buyers in a buying mood, and spring wheat mills sold approximately 220% of capacity vs. 108% a week earlier, and only 82% a year ago. In the Southwest, bookings were 93% of capacity, which was the same as the previous week, and compared with 50% a year ago. However, Southwest prices were relatively higher than those in Minneapolis; therefore, spring wheat business had the advantage.

Primary receipts today were lighter at 1,190,000 bu vs. 1,507,000 bu last week, and 1,340,000 bu last year.

At no time did the market exhibit much strength; in fact, weakness at Minneapolis during most of the session put a damper upon any bullish enthusiasm that might otherwise have existed. In the Northwest, the country was an exceptionally good seller of futures, but some of this was profit-taking, while others were putting out hedges against cash wheat already accumulated. In this market, with the absence of many shorts, new buyers only bought at recessions, and at the last September wheat showed a decline of 2¢ per bu, while the December delivery was off 2 1/8¢.

Corn, oats, rye, and beans were all subjected to profit-taking, and in view of the recent sharp advances this reaction should not have been much of a surprise to anyone in the trade.

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CHICAGO Sept. 11, 1941.

Late yesterday afternoon a government report was issued raisig slightly the prospective spring wheat crop, but it was at little riance with the private reports. Therefore, it was not construed as ther bullish or bearish. The Canadian report from Ottawa, estimating tal wheat production in Canada at 306 million bu, was also about as pected; consequently, it had little significance.

A more careful examination of the United States report, coverig not only wheat, oats, barley, rye, etc., but also grain sorghums, hy, beans, sugar, and other commodities, was interesting from point c view that the indicated yield per acre in the case of each article ntioned was higher than the average during the period 1930-39. With he fine moisture conditions, the current season will go down in histor as exceptional in this respect, and conditions, as of September 1st, nowed prospects for crop yields per acre 18.1% above the 1923-32, or re-drought average. There had been wonderful rains in the early part c September, and allowing for these, the corn belt prospects forfall astures and ranges now seem to be the best since 1928.

More attention was paid to other influences, however, and the resident is expected to make a major speech tonight, the length of hich was extended from fifteen to twenty-five minutes. He also arnged to meet with Secretarys Hull, Stimson, and Knox immediately on is arrival in Washington. The trade concluded that possibly the talk ould be belligerent. This was the occasion for a general rise in all rains shortly after our market opened, with soybeans again coming nto the foreground in a rather sensational way, advancing at one time ¢ above the previous close, with trade at times very excited and luctuations wide in scope. During the past month, there have been 2 million bu of beans traded in the pit, compared with only 4 million u last year. The price established new seasonal highs, despite the overnment estimate for a crop of nearly 111 million bu. If we finally roduce that much, it will be a banner yield, never before having raised uch a large quantity. At the moment, however, the quantity of old eans is small; therefore, the trade in both October and December, epresenting the new crop, is based entirely on prospects. In other ords, there is no balance wheel, and this in our opinion is largely esponsible for the wild swings in the market.

Secretary Morgenthau enlarged on his previous statement, ecommending that there be no quota on Canadian wheat imports. He was lso against acreage reduction for farmers, and stated that in his pinion buying power was sufficient to absorb surpluses without hurting rices.

Today's primary movement was moderate, at 1,551,000 bu vs ,102,000 bu last week, and 1,532,000 bu last year. Kansas City and inneapolis stocks so far this week show a total increase of 545,000 bu.

The wheat market was active and higher; some purchases may ave been made on the belief that the government holdings would not be mmediately liquidated, and of course it is a fact that even with prices ver loan levels, very little of the 1941 frozen wheat is being redeemed n any event, following the leadership of beans, wheat prices were uoyant, and at the last the September delivery closed 1 3/8¢ per bu igher, while the December was up 1 1/2¢.

Corn was quite strong. There was actually a slight increase for the State of Illinois as compared with August, but a sharp decline n Iowa, where production is now estimated at 433 million bu, which is ess than last year. Most other important corn belt States will probably produce heavier than in 1940. Of course, the main incentive to ullish operators is the fact that they expect tremendous feeding operaions, encouraged by the government agricultural program.

Oats and rye were higher, largely in sympathy with other cereals

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CHICAGO MERCANTILE EX.

CHICAGO September 12, 1941.

During recent months, grain markets have been fluctuating very largely on statements emanating from Washington. For several days there had been hesitancy, at least at times, when the Secretary of the Treasury called attention to the fact that the accumulated surpluses might be liquidated to good advantage on advancing markets. From our experience in the grain trade, we concur in this thought. We have seen hundreds of opportunities where traders, and even governments have overstayed their markets, and have finally paid the penalty. Therefore, it is only natural to believe that if we are going to institute a system, whereby the ever-normal granary can function, it follows in logical sequence that whatever is bought must at some time be disposed of. This is all on the theory that we do not expect to keep the grain long enough to let it rot, as has been the case with some Argentine corn, due to their inability to export. There have been too many experiences recorded in history where artificial bubbles burst, and the aftermath has brought serious repercussions. In Brazil, at one time they had to burn their coffee; so accumulations do become serious if not properly handled.

This was all well understood at the end of the Farm Board era, when government officials recognized the necessity of getting rid of our huge surpluses. In fact, one prominent Senator, on May 2, 1932, stated: "I agree with you that the Farm Board should get rid of its surplus wheat as quickly as possible, and I have been advising that for several months. I am hopeful that something will be accomplished in the near future." At that time, wheat was selling at 54¢ a bu, and if it was a good thing then to get our house in order, we can hardly see why the same argument would not apply now. Nevertheless, several of our Senators and Congressmen are apparently opposed to Mr. Morgenthau's program, and possibly they are overlooking the secondary consequences. In any event, it remains a question as to what the government will finally do with its frozen supplies of wheat and cotton.

From a statistical point of view, there is very little change from week to week. We have exported in the first ten weeks of the crop season less than 5 million bu of wheat and flour. On basis of the government's figure that the prospective utilization will be 670 million bu, there is still available for export and next carryover 666 million bu.

Aside from other considerations, our wheat market opened quite strong this morning, following the President's address, which was regarded as belligerent. Generally speaking, the talk was very well received, and was about in line with expectations. Nevertheless; it focused attention on the fact that with all parties carrying guns, some of them might be used. Our government is fully cognizant of its responsibilities and has no illusions about the gravity of its course.

Primaries were moderate at 1,435,000 bu versus 1,592,000 bu last week, and 1,800,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 675,000 bu. When the visible supply is posted on Monday it will compare with an increase of slightly over one million bu last year.

The market spent most of its force right after the opening; later on soybeans reacted, and there was some profit-taking. We continue to believe that July wheat at around the level of $1.30 is quite a different proposition from the 75-cent level, and, therefore, thinking on the subject must also be altered. At the last, September wheat was 5/8¢ per bu lower, while the December delivery declined 3/4¢.

Corn was fractionally lower in sympathy with wheat. The CCC on Omaha and Kansas City corn raised the asking price 1¢ per bushel, but apparently had very little effect marketwise.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 15, 1941.

The present agricultural policy and the future agricultural program still remain a rather controversial issue. Even though it is the avowed intention of the Department to raise large surpluses of certain foods not only for export to the allies, but also to take care of any possible feeding demand after the cessation of hostilities, Secretary Wickard apparently wants further reductions in the acreage planted to wheat. He has submitted a bill to Congress to cut down the 1943 allotment of wheat from 55 million to 50 million acres. This is naturally bringing great opposition from the Farm Bloc, and from Congressmen who represent the larger wheat producing areas. Furthermore, the wheat penalty tax is no doubt very obnoxious to many groups, and at least one farm organization has asked to have a complete abandonment of the government's farm program. This leads at times to confusion as to the course of grain prices, although it appears that the government policy is likely to stimulate higher prices rather than to retard them.

Some rather interesting figures were released regarding government loans on wheat. However, in drawing any deductions, it must be borne in mind that there is probably quite a lag in reporting loans, owing to the amount of detail work necessary in keeping the records. As of September 6th, there was a total of 143 million bu vs. 103 million on September 4, 1940. The loans to that date naturally have originated mainly from the winter wheat states, where the total crop is estimated at 684 million bu compared with a final crop last year of 589 million bu. In other words, with a production 95 million larger than last year up to early September, the loans only increased 43 million bu over 1940. Kansas, the largest winter wheat producing State, out of a crop of 170 million bu, has placed 52 million bu under the loan vs. 26 million last year when 123 million bu was raised. Oklahoma shows about the same percentage as a year ago, and in Texas, out of a 35 million crop, loans have been placed on 13 million bu, while in 1940, the crop was 29 million bu, with 16 million bu seeking a loan at the same period. However, in Illinois, with an estimated crop of 37 million bu, only 3 million bu has been impounded, while the previous year when the crop was 2 million bu larger, there was a total under loan on September 4th of 8 million bu. The above figures would seem to indicate that there are considerable quantities held back which might come on the market, if at any time the farmer feels that prices have reached a satisfactory level.

Primary receipts today were 1,591,000 bu vs. 1,456,000 bu last week, and 2,464,000 bu last year. The wheat visible figures, when posted, showed an increase of 2,099,000 bu, and now totals 225,923,000 bu, or an increase over last year of 54,187,000 bu. Wheat stocks in Chicago increased 35,000 bu, and now stand at 15,623,000 bu.

There were no developments in grain news over the weekend to affect market values; wheat prices were more or less dominated by quotations from the soybean pit, and with the market opening off about 3¢ per bu, wheat prices followed suit and reigned lower practically throughout the session, but near the close local short covering led to a recovery. The close on September wheat was unchanged, while the December future was off 1/4¢ per bu. For the time being wheat seems to be in somewhat of a trading area, with no predominating reason for any sharp decline. Flour sales seem to be light, and there were indications that mill interests were hedging some purchases of wheat.

Reports indicate that recent rains have been beneficial to the late corn and soybeans in Illinois. The United States Department of Agriculture in their report released September 13th, state that the corn crop is advancing rapidly to maturity, and they estimate that 60% of the crop is now safe from frost in Iowa; practically all in Missouri and Kansas is beyond the danger state. They further mention that in another week or two the bulk of the Illinois crop will be entirely removed from the damage of frost. The first car of new corn was received in Chicago today, which is the earliest arrival of the new crop in over ten years.

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CHICAGO

September 16, 1941

Secretary of Agriculture Wickard, in outlining his plans for the obilization of American agricultural strength to meet increased de-ense and British needs of 1942, calls for the feeding of ten million ritons next year. He indicates a vastly enlarged demand for dairy roducts, milk, eggs, poultry meat, and pork products. To accomplish is objective, there would have to be a greatly increased use of all eed grains. However, there is nothing in the program which would in-icate any larger consumption of wheat, and it might be well to again eview the situation surrounding that cereal.

According to the last government report, the 1941 crop is estim-ted at 957 million bu. Adding this to a carryover of 387 million bu, ould give us total supplies of 1,344 million bu, practically equal to wo years' consumption of wheat in the United States. It is naturally oo early to make any predictions as to the size of the 1942 crop on he enforced reduced acreage. Fall moisture in the winter wheat states s a whole is rather ample. With better prices for farm products, the roducer will undoubtedly spend additional moneys for fertilizer in an ttempt to increase the yield per acre. While not a large factor, the lecrease in acreage will call for the use of less seed. In the mean-ime, inflationary forces are at work in this country, although a remendous effort is being made by government agencies to prevent any precipitous advance in prices. In less than four months' time, eligible farmers who have not as yet sought government loans will have to come to a final decision as to whether their wheat is to be impounded or held privately, eventually to find its way on the market. Much will depend on the price which exists between now and the first of the year. Should values rule higher than the loan price, undoubtedly many farmers will elect to cash in on their crops. If prices should be under the loan values, much larger quantities will be impounded. At the present time, there is very little pressure upon the market; nor is there much hedging from new supplies.

In Canada, while supplies are still very large and cumbersome, their statistical position is being somewhat improved. Despite the blockade, which has existed for the last marketing year, that country was actually able to dispose of 340 million bu, of which exports of wheat and flour accounted for about 230 million bu. The flour exports increased approximately 16 million bu over the previous year, and are now being maintained at a very high level. It is anticipated that the milling business in Great Britain will decline to the extent that Canada will be able to furnish Great Britain with flour. Of course, whatever increase there is in Great Britain's flour imports will mean a decrease in the amount of wheat she is able to take.

The European harvest is about completed, and while some countries had good yields, the condition of wheat is not up to standard, and the quality of the early arrivals at the mills is inferior to some years, according to Broomhall. Australia and the Argentine are entering the critical growing months. In the latter country, conditions in the province of New South Wales are not particularly favorable.

Primary receipts amounted to 1,528,000 bu versus 2,156,000 bu last week, and 1,572,000 bu same period last year. So far this week stocks at Kansas City and Minneapolis show an increase of 200,000 bu.

Wheat was again influenced by weakness in soybeans. There seems to be the inclination on part of locals to take more of a short position in the latter cereal. On the decline stop-loss orders were uncovered, and also there was more evidence of mill selling, which no doubt indicates further purchases of wheat in the country although we have not heard of any large quantities being offered on the market. Wheat has been showing rather good recuperative powers on breaks and at the close, September wheat was only 3/8¢ per bu lower, while the December delivery was 1/2¢ per bu off.

Corn was also subject to liquidation, with lower prices being registered. Kansas City advices indicate that receipts of corn in that market yesterday totaled 76 cars; this corn was originally under Federal loans, but with the upturn in the market redemptions have taken place, at a profit to the grower. The reason for this action was undoubtedly to make crib room for new corn on which the loan price will be somewhat higher than on the 1940 crop.

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CHICAGO September 17, 1941

Everything in life is relative, and having just experienced a arryover reserve in Canada of nearly 500 million bu, there seems to e some improvement in sentiment on the theory that one year hence his stock may be reduced to 400 million bu. We can easily recall hen Canada seldom carried over much wheat from one crop to the other, nd in that respect pursued about the same policy as in the Argentine, wing to the fact that with a small population there is of necessity limited consumption at home, and also, a limited speculative ab-orption. Nevertheless, when a country of 12 million people carries ver enough wheat to take care of four years' domestic requirements, t is a burden. Temporarily, owing to the war, the government has tepped in with sufficient support to prevent undue declines, al-hough today Winnipeg futures again sold at about the season's low oint, despite the recent trade support that has been given to that arket.

There is always the hope that once peace is declared Europe will ome in for an unprecedented quantity of foodstuffs, and there is even ome talk in England that after the war agriculture will be so organ-zed that numerous vegetables and fruits of proved nutritive value, hich hitherto had been almost luxury articles, will become available or the masses. In order to grow these items satisfactorily, and to ake farming pay, it might be possible that the United Kingdom, and n fact Continental markets, would absorb larger quantities of over-eas grain than in the past. This naturally would contribute mate-ially to the vexed problem of world unsaleable surpluses. In dis-ussing anything so intangible, nobody can forecast with any degree f intelligence the kind of social order that will follow this terri-le period of destruction.

Our market opened with very little change, and while fluctuations ere within rather narrow limits, there were a few swings both up and own in sympathy with the bean market, which still enjoys the center of attention. It is generally felt, however, that we are in a period where no decisive trend seems to be in evidence. First of all, re-demptions will probably take place only on bulges, and furthermore, if the government does decide to release any of its impounded supplies, it certainly would not do so if the market rules weak. Therefore, no great pressure is in sight. In spite of this, our open interest has been climbing gradually, and for all wheat contracts totals 54 million bu. It is quite obvious that more hedges have come into the pit, and very likely some of the free wheat has recently been sold at present levels. There seems to be enough milling demand, even in a quiet market, to take care of the movement, but according to the Northwestern Miller, activity during the past week has fallen off, and the trade in general has pretty well covered its immediate needs. Total bookings were 82% of capacity in the Northwest, compared with 220% a week earlier and 31% a year ago. In the winter wheat area, business was 77% of capacity vs. 93% the previous week and 15% last year. Spring wheat mills are reported to have more flour on their books than in many years; therefore, the demand from now on is apt to be spasmodic.

The Federal Trade Commission is investigating the marketing and distribution of bread, and it is hoped that prices may be kept at a minimum. However, with higher wheat prices and added costs of doing business, including higher labor, it is almost a foregone conclusion that if bakers are to make a profit, the additional costs must be handed on to the consumer, at least to some degree.

Primary receipts were moderate for the time of year:1,234,000 bu vs. 1,190,000 bu last week, and 1,361,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 225,000 bu.

At times our market displayed a little firmness in sympathy with cotton, beans, etc., but in the absence of any new speculative issues, there was finally a slight decline, with September wheat closing 1/2¢ a bu lower, while December wheat was off 3/8¢.

Corn had periods of strength, although finally weakened in sympathy with the leading cereal. Carrying charges widened, and with lack of elevator space, this seems to be the important factor at the moment.

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CHICAGO Sept. 18, 1941.

As the season progresses there are very few changes in the general statistical picture. Undoubtedly, there has been some toll in the Northwest, owing to inclement weather for harvesting, but this was confined to comparatively small territories, and it is quite likely that quality rather than quantity was greatly affected. In no case has the reduction been serious enough to influence the market one way or the other. The same is more or less true in Canada, but recently comparatively good weather prevailed over the greater part of the Prairies so that harvesting has made fairly good headway. Saskatchewan and Manitoba are about 55% completed, while Alberta has only about 40% of the wheat threshed. The fact remains that there is so much wheat in North America from past crops that less attention than usual was directed toward getting the grain actually into bins.

Since August 1st, world shipments of wheat and flour have been almost the same as they were a year ago. The clearances to Europe were one million bu larger, while ex-Europe has taken about the same quantity. Therefore, if this pattern is followed straight through, we shal again have a season of very small exports, but about the same as for the previous year. Under such circumstances, there is no hope of getting surpluses greatly reduced, except that the Canadian crop was a good deal smaller than the last one, and acreages on this Continent will probably show curtailment, as compared with other years. One would naturally focus eyes upon the Southern Hemisphere at this period, if we were living in normal times. Growing conditions in the Argentin continue favorable, and the wheat crop is reported to be better than normal in most districts. The second estimate of acreage shows a sligh increase over the preliminary report, and a little more than was sown last year, but again not enough to be of much market importance. What will finally happen to this wheat if the war continues remains to be seen, but wheat and flour shipments the past week were the smallest since February, and were only a little over one million bu, since there was just a small quantity destined for the United Kingdom, while the bulk went to non-Europe, mostly Brazil. As there have been no sizeable wheat sales recently, one must conclude that England will take supplies from the Argentine rather hesitantly, because of the long haul, and also, because she is favoring Canada.

When our market opened this morning, quotations were fractionally lower in sympathy with cottonseed oil prices and cotton, but there was no great amount of pressure. Even with the soybean market comparatively weak, there was a reluctance to sell, as most people are of the opinion that values will hold fairly well, as redemptions can only take place when there is strength. The CCC announced that some of the accumulations in cotton would be exported, the program to continue through July 31, 1942, under a subsidy. This apparently is a move to recapture foreign markets, but whether there will be a similar plan fo wheat and flour is a question. Nevertheless, President Roosevelt asked Congress for an additional $6 billion for the lend-lease program in order that there would be no interruption in the flow of aid to those countries whose defense is vital to our own. This was accepted in a rather bullish vein, and after mid-session the market had a good recovery from early low quotations.

Primary receipts today were just fair, at 1,356,000 bu compared with 1,551,000 bu last week, and 1,619,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total increase of 323,00

Washington continues busy, discussing the release of surplus foodstuffs, and it became known today that a credit of $10 million was advanced to Russia for this purpose, presumably against the future delivery of gold.

Having had declines in the market for the past four or five days there seemed to be a little more inclination to favor the constructive side of the market, and with sentiment tending toward the long side of commodities, wheat prices worked fractionally higher, with the Septembe delivery closing 1 3/8¢ per bu up, while there was an advance of 1¢ per bu in the December future. The open interest is also climbing, with an increase of nearly 700,000 bu in one day.

Corn was rather weak early, as were other cereals. The early break in soybeans seemed to influence the general trend; also the lack of storage space put the September future at a wider discount under the December. Finally, however, firmness developed when both soybeans and wheat demonstrated their ability to recover.

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CHICAGO Sept. 19, 1941.

News from Washington continues to dominate the market, and it is now claimed that Chairman Fulmer of the House Agricultural Committee will shortly introduce a bill extending the crop loan program for three years. Should a law of this kind finally be enacted, it could only have a bullish influence upon prices, as it is quite apparent that with living costs rising, parity will be higher rather than lower as time goes on. It is already an established fact that wheat parity on the farm has risen to almost $1.20, and this figure is computed on the 15th of each month, although it will not become an important factor until next year's loan price is reestablished. In other words, we shall deal with a price in Chicago of $1.15 for the present crop year, but finally traders in the market and consumers must base their ideas on what level will be set for 1942.

This being the case, artificial markets will undoubtedly continue and surpluses will also pile up, although some relief may be afforded with the reduction in acreage. Nevertheless, the farmer is utilizing his best fields, and he is spending more money for fertilizer than in the past. The experience of the current season has shown that even with a moderate acreage and ample moisture, the results per acre are better, as we have just harvested a total winter and spring wheat crop of 957 million bu compared with the ten-year average production (1930-39) of only 747 million bu. Weather during the late summer months and early fall has been favorable, but there is no assurance that next year's crop will be anywhere near the size of the one just harvested. Only once in history have we raised more than a billion bushels of wheat --that occurred in 1915, while the current year will rank second in importance.

The chances are that we might have had a higher market today had it not been for the testimony of Mr. Bernard M. Baruch, who appeared before the House Banking Committee. He stated that it would be impossible to curb war price inflation without imposing ceilings on all wages, rents, and farm prices. This caused a little realizing and some hesitancy, although many people still figure that the Farm Bloc is sufficiently strong to have its voice heard in Washington, and that, despite the hardships which lie in the wake of inflation, the farmers are entitled to the same purchasing power in terms of non-farm products that had been enjoyed prior to the first World War.

The President has not yet signed the new tax bill, although it is expected that favorable action will be taken within the next few days. It is rather interesting to note that, after many months of deliberation and argumentation to obtain the additional $303 million revenue, which was accomplished through the lowering of exemptions, only about $49 million is now expected to come from new taxpayers. The remaining $254 million will be paid by present taxpayers, but in any event these lowered exemptions will probably have the effect of making larger numbers of persons tax-conscious for the first time.

Primaries were only moderate at 1,332,000 bu vs. 1,435,000 bu last week, and 1,223,000 bu last year. So far this week, Kansas City and Minneapolis stocks show a total increase of 374,000 bu. We expect just a small gain in the visible on Monday, which will compare with an increase of 1 million bu last year.

Northwest receipts were a little larger than of late, and this brought some hedging into the market, although on the whole most of the pressure today came from longs, who apparently were accepting profits. There were a number of stop-loss orders which were uncovered when weakness set in, but after December wheat reached the level of about $1.20 there seemed to be a little better sentiment on the theory that a tremendous amount of wheat has already been impounded, and the chances are that redemptions will only take place as prices firm up. Yesterday's volume of trade in the wheat pit was down to 10 million bu, but there was some improvement today during the latter part of the session. The open interest went up yesterday 496,000 bu, and this may have been more hedges coming into the market, although the total now stands at 55 million bu, which is not very large considering the visible supply. As everyone knows, the artificial loan policy is responsible for this situation. At the last, September wheat showed a decline of 1 7/8¢ per bu, while the December was down 2 1/8¢.

The corn market was also reactionary, and on the whole, the crop seems to be making good progress. According to the last government report, the West has the largest crop in prospect in 8 years. The important factor is the amount of feeding, and in our opinion it will be heavy. At the moment cash corn remains relatively weak.

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CHICAGO Sept. 22, 1941.

If one looked only at statistics, it would, indeed, be difficult to assume a very bullish attitude on wheat. Southern Hemisphere crops have not yet been made; but as Broomhall points out, subject to normal yields being obtained, it is likely that the Argentine will have a surplus of 216 million bu, and Australia 128 million bu. He figures that Canada will have 584 million bu to spare, while from the United States we could furnish 432 million bu. In other words, the four large surplus countries have a total of 1,360 million bu of wheat over and above home requirements. When it is considered that world shipments will only be about 328 million bu for the current year, it is very obvious that the world's carryover next season will still be enormous. We must go far back into history when wheat and flour clearances were as low as the prospective total now being estimated, as even in the 90's before Canada, Argentina, and Australia had established a regular export trade in wheat, world shipments averaged between 360 and 400 million bu.

However, the horizon is brighter than this picture would indicate, because the United States has made definite commitments to the British people to help them with their feeding problem, and Secretary Wickard yesterday stated that we may have to take care of one-fourth of their population. Again, Broomhall points out that as the aftermath of the war, food must be sent to the needy German pillaged nations, and at the present time Russia's participation in the war provides another reason why supplies of wheat should be kept in reserve. When hostilities are ended, there may be a lengthy period before Russia can reorganize her agriculture to a point of efficiency. In fact, her determined policy of leaving "scorched earth" to the enemy rather than to let supplies fall into their hands may cause vast areas of agricultural devastation where presently the war is raging. At the moment both the United States and Canada are reducing acreages, and it is proposed that our country will raise just about enough wheat next year for domestic consumptive purposes. Therefore, when peace comes again, we shall not be able to meet new problems from the production of this reduced area, and therefore, the maintenance of reserve stocks may become an inescapable obligation at some future time.

First prices today were slightly easier in sympathy with lower cotton values, but there is the conviction that neither wages nor agricultural products will have ceilings placed above them at anywhere near present levels. Therefore, little attention is being paid to Mr. Baruch's warning of the dangers of inflation, even with its insidious implications.

The CCC has announced that total impoundings amounted to 178 million bu compared with only 121 million bu last year, and this implies that a larger percentage of grain is being frozen. This, of course, is only natural, with the farmer being tempted by the artificially high loan price of $1.15, basis Chicago.

Primary receipts today were quite large at 2,327,000 bu vs. 1,591,000 bu last week, and 1,608,000 bu last year. When the visible supply was posted it showed an increase of 1,404,000 bu, with total stocks in all positions amounting to 227 million bu. This is 54 1/2 million bu more than was on hand in 1940. At Chicago there was a slight gain for the week, with 15 3/4 million bu locally held.

It was just ten years ago today that Britain abandoned the gold standard. From that time on, inflationary worries have been with us, also monetary considerations have created greater problems to the trade. At the present time, of course, our wheat is so far out of line for export that less attention is being directed to that factor. At times today prices were relatively strong, but there was also some hedging, and with 1,184 cars of wheat at Minneapolis, that market was comparatively weak. A considerable portion of their receipts consisted of damp, tough wheat, for which the demand was not too good. Last prices showed no change for the September delivery; this future expired at the close. December wheat was also unchanged.

Corn prices were firm early, but best levels were not maintained, despite a decrease in the visible supply amounting to about one million bu.

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CHICAGO Sept. 23rd, 1941.

The wheat market continues to be guided largely by events from Washington. Every grain man who has believed in the laws of supply and demand is naturally concerned when Mr. Henderson makes a statement to the effect that these laws are no longer functioning. It should prove no great surprise to those who have watched artificial stimuli develop, except that within certain limits the statement of the Price Administrator might be modified, at least insofar as wheat is concerned, so that supply and demand are functioning. We are dealing with the amount of available wheat, and, therefore, we have a much higher price level than would otherwise be had.

The CCC has made five statements since July 22nd regarding the amount of wheat that has been impounded from the current crop. Up to August 30th, the amounts were only of fair proportions, as at that time 116 million bu of wheat had been frozen. But, surprisingly enough even with the price of wheat advancing, more grain has been going under federal lock with the result that on September 6th, the amount rose to 143 million bu, and as of September 13th, it had risen to 178 million bu. This would lead us to believe that by the end of December we shall have a considerably larger quantity taken out of the commercial supply than was the case in any year since the loan program started.

It is natural, of course, that this would happen, owing to the fact that the temptation to the farmer is greater than ever before. In fact, to many producers it came as a great surprise when the benevolence was increased from 81¢ to $1.15 at Chicago, which made it necessary for many independent farmers to join up with the program. Furthermore, those who had not believed in the principle up to that time had found that their independence had been greatly curtailed, as the law was so drafted that even where they received no benefits, they could only obtain their white marketing cards if they lived up to the quotas that were prescribed for compliance producers. This being the case, we figure that finally wheat might advance to such attractive levels that redemptions will take place on an extensive scale, unless the government would return in large volume some of its holdings that have been taken over from past crops. We rather believe that, with certain inflationary tendencies and the tremendous spending that is going on, wheat will find support on breaks, despite the very bearish statistical picture which has often been mentioned in these letters.

Primary receipts were fairly substantial at 1,707,000 bu vs. 1,528,000 bu last week, and 1,572,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a net increase of 100,000 bu.

When our market opened, securities and cotton had been quite strong, and this gave us some impetus on the bull side. There were again fairly large receipts in the Northwest, Minneapolis and Duluth together having 1,027 cars. This compared with only 536 cars last week, and 862 cars a year ago. Minneapolis advised us that there was probably less poor wheat received than yesterday, and while the cash basis was a little lower, there seemed to be a slightly better demand generally. There was also some demand from Duluth buyers and this helped out considerably. It is rather unusual to have Minneapolis at such wide discounts under Chicago; even July wheat which represents their old cro is selling at 5 to 5 1/2¢ under Chicago July, the latter being a new-crop future in Chicago. However, there have been some distortions, som of them having occurred because of the fact that the loan tied up more grain in one section of the country than it did elsewhere. It is quite possible in the Northwest, that some of the damp wheat, or some which had sprouted, was forced upon the market. At the last December wheat showed an advance of 3/8¢ per bu, while the May closed 5/8¢ per bu higher.

Corn had a fairly good undertone, although volume of trade was light. We note that yesterday less than 3 million bu were transacted in the pit. The government announced that the loan this season would vary in different parts of the country; heretofore, there was one price on farms regardless of location. This undoubtedly is being done to stimulate more feeding. The loan in the corn belt will probably be about 13 to 14¢ per bu higher than last year, which was in line with trade views.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 24, 1941.

The trade is watching closely all statements that come from Washington in preference to statistical news, particularly as the latter is not changing to any extent. However, there seems to be some argument as to the percentage of parity that may eventually be permitted for agricultural products when the Price Control Bill is finally drafted. Secretary Wickard is calling attention to farm labor scarcity, because of the fact that industries are paying better wages for the same amount of skill. Should it be necessary to advance the pay of farm hands, we would doubt very seriously whether anyone, even though trying to combat inflation, could come out with a program of endeavoring to curb prices of agricultural products at these levels. Mr. Wickard also mentions that the time must eventually come when the farm worker is given the same measure of economic and social security as the city worker, and thus, there is a growing conviction that no steps will be taken which will in any way depress farm prices. Possibly it will come in later years, if our economic planning has been fallacious, and if we are unable to continue the tremendous payment of bounties, but for the next year at least, there can be no worry on that score. In fact, the administration is planning to fight possible amendments to the Price Control Bill, which, as drafted, is designed to give the equivalent of 110% of parity price to the by-products and derivatives of farm products.

With this kind of philosopy, our market staged a slight rally this morning, and there continues to be very little pressure from the country, as apparently the farmer also remains in a bullish frame of mind. He knows that forces at Washington are working in his favor. He also feels that there have been sufficient promises advanced that even with a record-breaking farm production in 1942, somehow or other he will receive protection when his products are sold on the market. It is very difficult for those who have had a more orthodox economic training to follow such reasoning from time to time, and possibly this is why we are not having a larger trade at the moment.

Yesterday, there was only 12 million bu of wheat transacted in the whole pit. Those who are more conservative figure that May wheat at around the level of $1.25 is sufficiently above the loan level to finally bring some wheat out of hiding. When they look at 75¢ wheat at Winnipeg for the December delivery, which is in reality only about 65¢, taking into account the exchange and better quality, it does call for some hesitancy, at least in one's thinking. This particularly so when we realize that the Canadian visible supply of wheat amounts to 472 million bu. This compares with 357 million bu a year ago, and at that time it was considered excessive owing to the fact that there is only about 125 million bu domestically consumed, including feed, seed, etc., with some difficulty in making shipments except to Britain.

Primary receipts today were moderate at 1,560,000 bu compared with 1,234,000 bu last week, and 1,080,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 79,000 b

Markets were firm today, and while there was profit-taking at times on bulges, there was no particular hedging from the Northwest. Minneapolis receipts were 525 cars; less poor wheat came to that market in fact, the general quality of grain was considered a shade better. Demand was just fair, although the trading basis was unchanged. Mills seemed to be in the market for good dry wheat, while the damp, tough varieties were hard to place. At the last, December wheat was 7/8¢ per bu higher, while the May delivery advanced 3/4¢. Milling demand was quiet, as has been the case for the past week.

Corn was firm, as were other cereals. The loan program will be further defined next week. In the meantime, we feel that it will operate on a basis to encourage feeding operations wherever possible.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 25, 1941.

About the only grain news overnight was a report, although not confirmed, that Washington was considering a plan whereby a substantial quantity of government-owned corn, possibly as much as 50 million bu, would be sent to Canada in exchange for the same quantity of wheat, the latter to be turned over by us to England under the Lend-Lease program. It has been known for some time that the feed situation in Canada has been rather serious, owing to adverse weather, and while we ordinarily import quite a few Canadian oats, the Ottawa government prohibited Canadian feed grains from leaving that country except under permit. It is altogether likely that since they have embarked upon a greatly increased hog and poultry production program, they may need some corn from this country. It is also feasible that in order to help out the storage situation here we would like to make shipments, and thus, reduce our surplus, but why we should take their wheat when we have raised the second largest crop on record, and have carried over a reserve from other crops which was only exceeded once during the Farm Board era, is something which is rather difficult to figure out. Apparently, if this arrangement would go through, we would make Britain a gift of the wheat, and thus it would eliminate the possibility of selling any of our own surplus under a subsidy, as was the case during the past few years.

The trade accepted the news in a somewhat bullish vein, and with offers extremely light, it required only little buying to boost prices.

Not much attention has been paid to crop conditions in the Southern Hemisphere, although a second frost in the Argentine was reported yesterday, after a similar incident about a week ago. Wheat has not yet jointed, and while a little damage may have occurred in the more advanced northern areas, it is still thought that the plants in the central and south districts were benefited by the cold spell, which may check top growth and harden the crop. In Australia, weather continues dry over many sections of New South Wales, but prospects elsewhere are favorable, and there have been two production estimates during the past week or so; one having placed the crop at 146 1/2 million bu, while the other one made it 160 million bu. The domestic requirements in that country are generally about 55 million bu, and therefore, it suggests that there may be a surplus of 100 million bu for export or carryover during the coming season.

European demand is much the same as last year --in fact, world shipments since August 1st are only 2 million bu larger, with both European and ex-European countries having taken about the same quantities. Very little wheat in recent weeks was placed afloat by the Argentine. Last week, of the 1 1/2 million bu of wheat and flour cleared, only 761,000 bu was destined for the United Kingdom. What will happen when another crop is harvested is a question, but with shipping difficulties, we rather believe that some trouble lies ahead.

Primary receipts today were in line with recent figures; amounting to 1,583,000 bu; this compared with 1,356,000 bu last week, and 1,127,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 89,000 bu.

The market was quite strong at times, but toward mid-session it was announced that the Treasury was drawing up a bill to limit corporate profits, and this followed Mr. Morgenthau's proposal to the House Committee yesterday, that such profits be limited to 6 per cent return on invested capital. The stock market broke rather severely, and in turn grains sympathised to some extent as longs took profits. At the last, December wheat was unchanged, while there was an advance of 1/8¢ per bu in the May delivery. Minneapolis futures gained slightly upon us, and there seemed to be a better demand up there for off-grade wheat. That market continues to sell at a big discount under Chicago.

Corn was fairly firm; it, too, was up during the early part of the session, but reacted later when stocks, cotton, and other commodities reversed their action.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 26, 1941.

Secretary Morgenthau's proposal yesterday for the limitation of corporate profits seems to face a long fight in Congress. While some feel that ultimately the Treasury may come close to having its way, since this seems to be the principal method by which they can enforce their philosophy of taxing on the basis of ability to pay, for the time being at least the new tax bill may not be quite so drastic in its application.

While the stock market did not show much recovery, there was a slightly better feeling in grains on the theory that the Farm Bloc in Washington was still sufficiently powerful to prevent any ceilings being placed on agricultural products at around present levels.

It is somewhat of an antithesism to figure out the results of a high and artificial farm loan, although, in our opinion, it means that the higher the market goes early, the lower it will finally sell if redemptions are sufficiently large to return a substantial amount of wheat back to commercial channels. Should we have a speculative market during the winter months, either through adverse weather or crop scares in general, or if we should have a period when inflationary scares would come to the foreground in a more pronounced manner, it is quite likely that farmers would take advantage of this situation by accepting profits and paying off their federal obligations. The higher the market carries, the more wheat there may be released, and thus, if we end up with a carryover next July of 600 million bu or more, with much of it in private hands, prices might finally be very depressed. Possibly, the exchanges would again be blamed for their participation, although certainly no one can talk of over-speculation when only 10 to 20 million bu of wheat is traded each day in the wheat pit.

Never before in history has North America carried over so much wheat as at the beginning of this season. Total reserves for the two countries amounted to 864 million bu compared with 379 million bu, the ten-year average for the years 1930-39. Where ordinarily there were good outlets, we must bear in mind that international trade during the coming season will shrink again. In former years, Greece was a country which imported freely, but now being occupied is practically cut off from overseas supplies. There are only Spain and Portugal amongst Continental countries that are able to import freely, and even there some handicaps exist because of shipping difficulties. There is talk that Spain had a very small harvest this year, and will no doubt need substantial imports, provided Britain permits her to get supplies through. It is rather interesting to note that since August 1st, clearances from Canada have amounted to 30 million bu of wheat and flour compared with only 17 1/2 million bu last year. This was probably at the expense of other countries, since world shipments are about the same. The United States, for instance, has cleared only 5 million bu in twelve weeks, and recently exports from the Argentine have been on a very small scale.

Looking at the Canadian picture again, after making allowance for home consumption, there is still a balance for export and carryover in that country of 624 million bu vs. 702 million bu last year, or in other words, 78 million bu less. This in itself is not very bullish, as next year there may not be another crop failure, and apparently the trade feels the same way, as prices at Winnipeg have only advanced fractionally over the low point of the season.

Primary receipts were 1,588,000 bu vs. 1,332,000 bu last week, and only 962,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 144,000 bu. When the visible supply is published next Monday, it will show a slight increase, which will compare with a gain of 829,000 bu a year ago.

The market was again characterized by firmness, although some profit-taking occurred in bulges. Secretary Wickard again mentioned the fact that our government expects to provide at least one-quarter of the food that Britain will consume the next twelve months. While this has to do largely with protein products, such as milk, cheese, eggs, beef, etc., in which increased consumption is being encouraged, yet it did have some influence upon food, as well as feed grains. At the last, wheat was 1/2¢ per bu higher for the December future, while the May advanced 5/8¢.

Corn seemed to benefit by purchases made by locals, and some think that before long the CCC may again advance its asking prices.

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CHICAGO MERCANTILE EX.

CHICAGO Sept. 29, 1941.

The CCC announced late Saturday that there was 206 million bu f wheat impounded from this year's crop, and when it is considered hat 173 million bu had been frozen from the season before, it virtually means that 379 million bu of wheat cannot be figured in our supply ituation for the time being. Having had a crop and carryover of ,344 million bu, this in itself would not be too serious, except for he fact that more wheat is continually going under Federal lock each ay. While we doubt very much whether the percentage will continue t as high a rate as it did the past week, with 28 million bu becoming ied up, we must recognize that the farmer has between now and ecember 31st in which he may still take advantage of governmental enevolence. Under these circumstances, it is not at all surprising hat we have had rising prices, although of course, other factors ave come into play. Our defense program, together with food purhases for Britain, have had their part; also inflationary tendencies ith the huge spendings must be considered; although we do feel that n spite of the latter factors, wheat would undoubtedly be lower if ll supplies were in the free market.

Secretary Wickard's food-for-defense program is just getting nder way, and while not much wheat will be shipped to Europe under ts provisions, it is a fact that other allocations for foodstuffs ight be about $1 1/2 billions, with about 10 million mouths in ritain to be fed. In terms of commodities, probably one-third will e spent for pork, possibly another third for dairy and poultry products, while the remaining third will go for fruits and vegetables, ncluding cotton and tobacco.

A survey just completed by the Brookings Institute warns that vicous spiral of rising costs threatens disaster for large segments f the population, and they say that the peril of inflation is primarily attributed to agriculture and labor policies; and warns that the rice Control Bill will not do what it is intended to do unless it is willing to restrict increases in wages and agricultural prices.

The trade is not much worried that any drastic curbs will be aken on agricultural products. Possibly future laws that are passed will be designed to retard price advances, although it is not considered likely that anything will be done to prevent them.

When our market opened this morning, the carryover feeling from Saturday was slightly bullish, and it is felt in many quarters that the government farm policy will continue to be tied to high prices. Last year at this time there was 143 million bu of wheat impounded, and the figure gradually rose to 278 million bu at the peak. Therefore, from this time onward the total amount of frozen supplies gradually doubled in size. Should anything of that kind occur again during the current season, it would, of course, make for a very tight situation. This is a factor to be very closely watched.

Trade on the whole was rather light, although somewhat better than on Saturday, when only 7 million bu were transacted in the entire wheat pit. There seems to be very little spreading between delivery months, although with the carrying charge in rye and in corn much wider than in wheat, there is some reason to feel that with the congested elevator condition December wheat will finally sell at a larger discount under May than the one which presently prevails.

Primaries today were 1,395,000 bu vs 2,327,000 bu last week, and 977,000 bu last year. The visible supply showed an increase of slightly over 1 million bu, with total stocks in all positions amounting to 228 million bu, which is 55 million bu more than was on hand a year ago. At Chicago there was a slight increase in local stocks, with 15 3/4 million bu locally held.

The wheat market was firm during most of the session; pressure from the growing areas is small, with farmers more inflation conscious than previously. While Northwest receipts were heavier than a year ago, there seemed to be fairly adequate absorption, and Minneapolis kept pace with our market. At the last, December wheat was 5/8¢ per bu higher, while the May future was up the same.

Corn was firm, but trade was light; feeding operations continue on a satisfactory basis.

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CHICAGO Sept. 30, 1941.

After the close yesterday parity prices were announced for the month of September. For the past five or six months, they have been successively higher, indicating a general upward spiral, although the only commodity that is of prime importance right now is corn, since the new loan will be determined on basis of the September 15th parity figure. This now stands at 88¢ compared with 86.7¢ in August, and means that the mandatory loans of 85% would average about 75¢ a bu for corn on the farm. There will be some variance, of course, depending on location, as this year there will not be a uniform loan price for all sections of the country. In wheat, the parity price also advanced, and now stands at $1.21 vs. 119.3¢ last month, but this had only a sentimental influence, with first prices somewhat higher.

So much has been said about parity, and so little is really understood by the layman, that we shall review some of the features briefly at this time. The AAA, in 1933, wrote the concept of price parity for agriculture into legislation and made it the basis for a national agricultural program. It was declared to be a policy of Congress to reestablish prices to farmers at a level that would give agricultural commodities a purchasing power with respect to articles that farmers bought equivalent to the purchasing power of agricultural commodities during a base period. 1909-14 was selected as the base period, which incidentally was at the end of the recovery from the depression of the 1890's, and was an era of relatively prosperous times. What Washington was really aiming to do was to express an equality relationship between agriculture and industry, or between persons living on farms and persons not living on farms. We find that the August 1941 index of prices of farm products was 131. The index of prices paid, interest, and taxes was 135% of the pre-war base. Thus, the prices of farm products were 97% of parity. Furthermore, it is interesting that in the past thirty years, prices of farm products have reached, or exceeded, parity at only one period; namely, 1917-20, which as a matter of fact was the aftermath of the first World War, when European production had not yet caught up with consumption, and during which time we were doing a tremendous export trade.

Forgetting for the moment the well-intentioned aims of our government, and granting that so far they have benefited the producer, we call attention to the fact that the average wheat farmer on September 15th received about 96¢ a bu on his farm, which compared with the average farm price of about 50¢ for Canada, about 41¢ for the Argentine, and about 59¢ for Australia. In all four countries wheat prices were supported by governmental measures, but in no country has the export business fallen to the low levels which we have experienced here.

Primary receipts were quite substantial at 1,649,000 bu vs 1,708,000 bu last week, and 1,116,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 75,000 bu.

A little profit-taking developed on advances when prices were within 1 1/2¢ of the season's high. There was no particular pressure; Northwest receipts were 687 cars at Minneapolis and Duluth, compared with 512 last year, but high protein wheat was in somewhat better demand at Minneapolis. The very bearish statistical situation is being ignored, and the government now considers it likely that the carryover on July 1, 1942, may total about 650 million bu, which would be about 260 million bu more than the previous year. During the ten-year period, 1930-39, reserve stocks of old wheat in the United States averaged about 230 million bu yearly; therefore, even a smaller crop on a reduced acreage next summer would not be a calamity. At the close December wheat was 1/8¢ per bu higher, while the May future advanced 3/8¢ per bu.

Corn was firm early, but not strong considering the probability that next season's loan would be about 14¢ per bu higher than the one which prevailed during the past season.

On Thursday the private crop estimates will be given to the trade; these include probable production of spring wheat, corn, oats, and soybeans.

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CHICAGO MERCANTILE EX.

CHICAGO

October 1, 1941.

The war has brought about a great many dislocations to agri-
ulture, and nobody can be certain how it will all be ironed out once
here is peace. Probably the one country which has suffered the most
s the Argentine, as they were dependent so largely upon foreign mar-
ets, having a small population and being able to consume only com-
aratively small quantities at home.That government has done everything
n its power to pursuade growers to reduce their acreage by about 10%,
nd even went to the length of threatening the discontinuance of the
fficial control price. In spite of these measures, the acreage this
oming season will be about the same as the last one, and the diffi-
ulty seems to be that farmers have very little alternative in utiliz-
ng their land for other purposes. At the present time, corn is a
rug on the market. Linseed is in much less demand than before the
ar, while exports of oats, barley, and rye have almost ceased to be.
ith the government having guaranteed fairly high prices for many years,
rowers were naturally encouraged, and now they are finding it very
ifficult to face realities.

Canada is another country which had to meet great problems,
artly through the war where foreign markets were cut off, and also
ecause of a bumper crop last season, although for the immediate fu-
ure there seems to be some relief, because it so happens that the
resent crop was virtually a failure, based on comparisons with other
ears. Then, too, with the large amount of low-grade wheat and a
hortage of feeds, it may be possible that more than the usual quan-
ity of wheat will be fed to livestock, thus assuring a smaller carry-
ver reserve next October than the present one.

Nobody can tell what the future of American agriculture will
e, surrounded as we are with an artificial wall, boosting prices al-
ost every month, at least insofar as the parity program is concerned.
aving successfully dealt with a carryover, which for ten years aver-
ged only 230 million bu (between 1930-39), and which apparently was
ot excessive, considering the growth in population, we shall suddenly
ind ourselves confronted with 600 to 650 million bu next July and no
ssurance that the next crop will be particularly small, even though
creage has been greatly curtailed.

We forget quickly what has been happening, but to refresh our
emories, prices received by wheat growers during the year beginning
uly, 1939, averaged only 69¢, and for the year beginning July 1,1940,
hey averaged 68¢. But the few intermediate gains that had been
rought about were quickly wiped out in the middle of May 1940, follow-
ng the turn of events in Europe, when liquidation became heavy. The
rice level during the past six months has been on the upgrade, but
his is chiefly due to the abnormal tying up of supplies under an ex-
essively high loan figure, which, in our opinion, will bring about
econdary consequences to be reckoned with later, and which nobody can
orecast at this time.

Primary receipts today were lighter, at 1,038,000 bu vs.
,560,000 bu last week, but only 616,000 bu last year. Kansas City and
inneapolis stocks so far this week show a total increase of 221,000
u. Northwest carlots were small, only 292 cars at Duluth and
inneapolis, and of the 141 cars which were received at Minneapolis,
3 were for the CCC. The movement apparently was held up due to wet
eather. The trading basis was about unchanged.

At times our market was under pressure from small liquidating
rders. This may have been in sympathy with the early weakness in
oybeans, or possibly due to the general indifference of cash buyers.
levator space is still extremely scarce, and practically all houses
ere complain of congestion. At the last recoveries took place, with
he result that December wheat was 1/8¢ per bu higher; May wheat was
p the same.

Corn was also weak at times, despite the fact that the CCC had
dvanced its asking price 1¢ per bu. The trade remains very light,
hile cash corn is selling at big discounts under the futures. There
oes not seem to be any particular issue at the moment.

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CHICAGO MERCANTILE EX.

CHICAGO October 2, 1941.

Inflation has been discussed and feared ever since the gold content of the dollar was changed, but not until recently were there obvious signs that it was actually under way. We are apparently in the first stage now, with rapidly rising wholesale prices, slowly but surely, following costs of living, labor unrest, and wage readjustments together with expanding production and an increasing strain upon the nation's resources. These are all factors in the early process, although they could easily be reversed overnight. The flight away from money and into tangible objects has not yet gained great momentum. Several of our leaders have been asking Congress to take the necessary steps to prevent wild inflation, in order to protect wage earners and those with fixed incomes. Today, we find that the head of the American Farm Bureau Federation is asking for effective wage controls into the administration's price fixing bill in an effort to put wages on a parity basis. Mr. Baruch had suggested wage stabilization, but while all this was going on, Senator Thomas of Oklahoma, Chairman of a special agricultural sub-committee, has called a meeting of governors and farm leaders from various states to meet in Washington next week. This move has been interpreted as a forerunner of an organized opposition to placing ceilings on farm prices.

Shortly after our market opened this morning, the private experts gave their views on the probable size of crops. No change was made for the winter wheat outlook, and despite excessive rains in the Northwest, spring wheat is now estimated on an average at 269 million bu, which is just a small reduction from the official forecast that was made in September. This is still regarded as a large crop, compared with the ten-year average of 178 million bu. Therefore, it had little influence upon the price structure. There was, however, a very sharp advance in Winnipeg wheat futures, where for weeks that market had lain dormant. There are several factors which probably account for the sudden revival of trade. Rain and snow during the past week has further impeded harvesting in many parts of the PrairieProvinces. As a result dry weather is badly needed in order to prevent a further lowering of quality, and possibly even further losses in the yield. The precipitation occurred mostly in Manitoba and Alberta; consequently, greater harvesting progress has taken place in Saskatchewan, although some damage may have taken place in all provinces. In section of Alberta, especially the Peace River Country, there is considerable grain still uncut, and even coarse grain threshing seems to be behind wheat schedules.

At this time of year it is natural to look toward Southern Hemisphere crop progress. Broomhall is a little more concerned as to the results of frost damage in the Argentine than a little while back. He figured that because wheat had not yet jointed the plant had not suffered much; but his latest report claims that where wheat was far advanced in the provinces of Sante Fe and Cordoba, it was entirely lost, and this implied that 15% of the Argentine wheat acreage would be abandoned. On the remaining acreage conditions were less favorable than in August and rains were eagerly awaited; otherwise, the situation may become worse. In Australia, conditions appear satisfactory. There are a few dry areas, but 75% of the country is in good shape. Experts feel that yields may approximate 150 million bu, which, together with a carryover of 70 million bu, would give a total domestic supply of 220 million bu, compared with 213 million bu last year. In 1940, there was a crop failure, but this was offset by an unusually large carryover reserve.

Primary receipts were 1,243,000 bu vs. 1,583,000 bu last week, and 772,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total increase of 278,000 bu.

There was very little feature to our market; even with a sharp advance in Winnipeg, prices here were reactionary, with the late break in beans causing some uneasiness. Our May wheat is about 12 1/4¢ above the loan price at Chicago. At the close, December wheat was 5/8¢ per bu lower, while the May future was off 1/2¢.

Corn was a little easier. The average of private estimates indicated a crop of 2,532 million bu. This was a slight increase over the government figure last month. Offerings from the country were light, but demand is also lagging.

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CHICAGO MERCANTILE EX.

CHICAGO October 3rd, 1941

While everyone has been following closely war developments, the
ws from Europe has had very little influence lately upon our grain
rkets. German administrative problems must be growing all over
rope, particularly in the dominated countries, so that, besides wag-
g war on several fronts, Hitler has had to relieve tension in various
untries that he invaded between the natives and his own troops, and
ere any disagreements have taken place, bloodshed has been excessive.

It is rather interesting to note that Britain for the moment,
least, is not bothered much with additional price rises or other
mptoms of inflation. It is very true that since hostilities started,
arp advances in most lines occurred, but with the rationing of so
ny articles, British control has worked pretty well, and also higher
xes, plus the supplies received from America, have definitely pre-
nted anything that might have led to runaway markets.

There was very little overnight news, except that for sometime
ere has been the suspicion that the CCC might be selling some of
s impounded wheat supplies from the 1940 crop to small interior
lls. This was confirmed today by a Kansas City trade journal,
ich told of a mill which recently had purchased all the government
eat that had been stored in its bins. The trade was a little fear-
l that if this should continue on a heavier scale, it might finally
ing more pressure upon the market, although it is our own opinion
at to-date the quantities released have been relatively small. We
ubt if there was any motive in disposing of such supplies other than
alleviate the hardships of those institutions which found it diffi-
lt to get their wheat from terminal markets. Nevertheless, some
quidation took place, despite further strength at Winnipeg.

In the Canadian market there was a report, although we were un-
le to confirm it, that the Wheat Board would probably not put many
dges out until the price rose to 90¢ a bu. In any case, Winnipeg
y wheat at 45¢ under Chicago on actual board differences has been
nsidered cheap merchandise for a long time. If one takes off an
ditional 8¢ for Canadian dollars, Winnipeg wheat is selling at even
greater discount under us, plus the fact that the quality of their
eat ordinarily is superior to ours, and in many instances brings
re in competing markets. The chances are that domestic millers
uld be very eager to import if it were not for the fact that our
vernment has prohibited such transactions except for very small quan-
ties. Canada is doing a slightly better business this year in the ex-
rt field, and since August 1st has cleared 35 million bu of wheat
d flour compared with less than 20 million bu for the same period a
ar ago. On basis of domestic consumption of 132 million bu, there
still approximately 620 million bu of wheat left for export and
rryover, although some fear that with lower quality than in ordinary
ars, and a shortage of feedstuffs, the domestic disappearance will
larger than the figure just cited.

As for our own picture, it is not improving much. Thirteen weeks
the crop season is over; in other words, one-fourth of a year. This
generally our most active period when we are in the export business.
wever, shipments are just a little more than 5 million bu, and it,
erefore, looks as though we would even fall down in comparison with
st year, when we were able to clear 34 million bu.

Primaries were just over the million mark compared with 1,588,000
last week and 866,000 bu last year. Kansas City and Minneapolis
ocks so far this week show a total increase of 315,000 bu. When the
sible supply is posted next Monday, it will probably show a slight
in, whereas last year, there was a decrease of 1,154,000 bu.

The market tried to rally at times, with Winnipeg displaying
eat strength, but a one-time break in soybeans of nearly 8¢ a bu was
depressing influence. At the last December wheat was 1 1/8¢ a bu
wer, while May wheat was off 7/8¢.

Corn was weak, although pressure subsided on the break. Senti-
nt is bullish, but with so very few shorts, apparently stop-loss
ders uncovered weak spots, with only moderate support in evidence.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
ICAGO BOARD OF TRADE
E YORK PRODUCE EXCHANGE
N' YORK COCOA EXCHANGE
ORK COFFEE AND SUGAR EX.
MMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
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141 W. JACKSON BLVD.

MEMBERS:
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WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO October 6, 1941.

Recent wet weather has probably slowed up the harvesting of ybeans, and new-crop arrivals have been small; but on the other hand, the rains have been wonderful for the preparation of winter wheat land nd in many ways this has been one of the best falls in a number of ears. Seeding of winter wheat was considerably retarded in the ntral and Southern Ohio Valleys, and most of the Northwest by dry oilconditions. This, however was rather the exception. In western ansas, for instance, where it is generally semi-arid, fall planting s often accomplished under a severe handicap, but this season we nd the wheat is one-half to three-quarters sown, and in fact, much f the crop is already up to good stands.

The trade is not following the same line of thought as in othe ears, which is perfectly proper, as we continue to have so many rtificial situations at hand. During theweek, for example, 18 million u of wheat was added to the frozen supply, and we now find that, as f September 27th, wheat under the loan totaled 224 million bu. The our Southwestern States, comprising Kansas, Nebraska, Oklahoma, and exas, have 115 million bu of wheat tied up. Then, there is a fair uantity out on the Pacific Coast similarly impounded, but in the orthwest, either due to poor grading or the comparatively high prices, here seems to be a smaller quantity affected. In other words, orth Dakota has only about 16 million bu of wheat frozen thus far, nd about 10 million bu in Montana. The quantity in Minnesota is unsually small --only about 3 1/2 million bu,although harvesting operaions in the Northwest being later than in the winter wheat territorie here is still a chance that spring wheat farmers will take advantage f their opportunities during the coming weeks, as was the case last ear.

In any event, there seems to have been enough grain taken out f commercial channels to make the short side of the market rather nattractive. The trade must have felt this way, because first prices oday were slightly higher. Another factor, of course,was higher rices for beans, which in turn have been influenced by the wet weather and the prospect for more during the coming week. On the whole, rade was extremely light, although possibly better than on Saturday, hen less than 7 1/2 million bu of wheat was transacted in the pit.

Nobody seems much concerned with Southern Hemisphere prospects. Broomhall estimates the Argentine crop at 180 million bu, and the yield for Australia at 150 million bu. Adding the probable carryovers of 100 million bu for the two countries, there should be a total supply of 430 million bu. This would compare with 422 million bu last year, and 414 million two years ago. Therefore, nothing extraordinary but still a fairly large quantity, considering the shipping difficulti at this time.

Primary receipts were quite large at 1,690,000 bu vs 1,395,000 bu last week, and only 556,000 bu last year. When the visible supply was posted, there was an increase of 1,765,000 bu. Total stocks in all positions amount to 230 million bu; this is 57 3/4 million bu more than was on hand a year ago: Chicago stocks showed a slight increase, and we now have 15,852,000 bu of wheat in Elevators and afloat.

While there is ample reason to believe that the CCC has sold some of its holdings to small interior mills, news from Washington tells us that officials are not giving consideration to further sales at this time. Should the price rise substantially above the 85% of parity level, it might alter their thinking, but even then, it was said, no action might be taken until the price went over parity. With this situation, plus more wheat being impounded from the current season new pressure is not expected to be heavy. However, the market was somewhat indifferent, and new buying power was hesitant, particularly to making commitments on a big scale. At the last, December wheat was 1/8¢ per bu up from the previous close; May wheat was unchanged.

Corn was barely steady, trade was again of very moderate proportions, and if anyone had empty elevator space he could easily fill up to good advantage at substantial discounts under the future. There was a slight increase in the visible, total stocks amounting to 36 1/2 million bu; however, this is 3 1/2 million bu less than in 1940.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 7, 1941.

Higher commission rates are effective today. This is the first advance that the Board of Trade has made in its charges during the past twenty years. The costs of doing business have risen tremendously since 1920. At that time, we had no tax on private wires, and there was no tax on telephone calls nor on telegrams. We had no social security tax, nor the hundreds of small taxes which have been imposed upon industry during this period. Even the paper on which this market letter is written has advanced 30% in price during twenty years, while postage has advanced 50%, Therefore, we feel certain that the public will fully appreciate that the grain firms deserve the increased revenue, which they are now getting and which adds but slight costs to the hedger or trader.

When our market opened this morning there was very little to guide us. Senator Thomas had a new parity program before Congress, but nobody regarded this as very pertinent to markets at this time, and more attention was directed to the weather map, which suggested clearing skies, and lower temperatures. This would be particularly helpful for soybeans, where excessive rains have occurred, and the result was that soybean prices were lower, which in turn influenced wheat and corn. It is still very difficult for the average trader to take a view of the market when such a large proportion of the country's supply is artificially held, and when nobody can say for sure whether the impoundings from the last crop will be sold, or whether they may be frozen until further advances occur. We are in a period much the same as when the Federal Farm Board was operating, and this very likely was the reason for trade yesterday being at such a low level, with only 6 1/2 million bu of wheat transacted in the pit, although surprisingly enough the open interest, even on this small volume, increased nearly 2 million bu, to a total of 59 1/2 million bu.

Of course, one argument that the government uses now in favor of its program to the old farm board plan is that they are trying to stabilize markets by compelling the producer to raise less, but thus far this has not worked out according to expectations, for the reason that more intensive cultivation and the use of better land probably produced larger yields than had been anticipated. As Broomhall points out, fixing the acreage each year at a figure calculated to maintain reserves with reasonable limits, is not an easy task. He further claims that the essential point is that the present surplus is evidence of failure to adjust supplies by semi-voluntary adjustment of acreage. The Government itself admits that we shall end up this year with a carryover of nearly 650 million bu, which is almost three times the normal. We may finally be led to further experiments, as each problem seems to develop another problem, and prompts further socialistic setups in the general mechanism.

Prices at Winnipeg were also little reactionary with ours, and about their only big customer seems to be Britain. After several days of speculative purchases in that market, it was reported rather quiet, and Canada seems to be suffering from the fact that her field in export trade is rather limited. Spain may take a little wheat later on, although the Argentine has an equal chance in business relations. It is interesting to note that the Spanish crop, while not a large one, is estimated at 109 million bu compared with only 79 million bu a year ago at which time there was a failure. The rye crop, however, is a little smaller, although barley and oats yielded better, more than offsetting a slightly poorer corn crop.

Primary receipts were fairly good at 1,672,000 bu compared with 1,649,000 bu last week, and 937,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 270,000 bu.

Trade again was rather dull, demand was lacking, and milling interests complained that there was not much new business. At the last the December delivery showed a decline of 1¢ per bu, while May was off 1 1/8¢.

Corn was quite weak, and cash corn discounts were large, thus discouraging farmers from selling their grain. However, the technical position in the market had not been good, as there were a great many longs and hardly any shorts. This, we believe, was somewhat corrected during today's session.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO October 8, 1941.

Practically all sections of the grain belt reported fair weather during the past 24 hours, and while the outlook is for more rain, our weather man believes that if moisture occurs in the Central States it will probably be light. In any case, soybeans early in the session were under pressure, and this gave us a weaker grain market, where a generally indifferent demand had been experienced.

There is nothing new in the situation, nor do statistics change a great deal from day to day. We have had a little bull movement at Winnipeg, although temporarily this has been halted, and nobody expects that prices will break much from this level, but, of course, there could be reactions unless further speculative support is forthcoming. Minimum prices have been set for various futures, but as we view their status, the carryover reserve next October will not decrease much from the present figure --the latter estimated at 480 million bu. Despite a crop failure which occurred in that country, they seem to have ample wheat for all purposes. Most statisticians figure on a larger home consumption than usual, and it is placed at somewhere between 150 and 160 million bu. This arises from the fact that an important dairy farming industry is now carried on, and with the shortage of other feeds, probably more wheat will be used for animals than in normal times. Broomhall estimates that 50 million bu may be used for domestic feeding, which is nearly twice the quantity that is used for seed, and is nearly as much as millers require for their domestic flour production to take care of a population of about 12 million people. Broomhall allows rather liberally for exports of 175 million bu, in which case, there would be a remainder next October of about 450 million bu, and even in these calculations, it must be borne in mind that the United Kingdom will probably cover virtually all her requirements in the Dominion. With so much war material being taken from the United States, tonnage is a very important factor, and, therefore, less will be bought from Southern Hemisphere, which, of course, would give Canada the advantage. Another factor to be considered is that the war losses may be greatly reduced when the shortest and safest route is taken by vessels carrying grain, particularly with the British Navy (and some help from ours) protecting shipments in the North Atlantic.

The primary movement was just moderate at 1,188,000 bu compared with 1,038,000 bu last week, and only 531,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 439,000 bu.

After mid-session it became known that the President would probably ask Congress tomorrow for a change on the Neutrality Law, and this was regarded a little more warlike, with the result that some buying came into all pits at a time when liquidation had probably corrected the technical position of the market. The spread between December and May wheat narrowed a little, although in our opinion this is more or less accidental, as there was more pressure on the deferred month than on the nearby. The country is not in a selling mood, although a larger quantity, in the Northwest, is finding its way into commercial stocks than if the wheat had all graded well, and the demand at Minneapolis seems to be mostly for good dry wheat, while tough damp varieties are extremely hard to move. There was considerable wheat carried over unsold from yesterday, and the discounts for some of the off-grades are running high owing to the fact that elevator space is scarce, and thus facilities for drying and treating the grain are limited.

In spite of a poor milling demand and rather bearish figures issued by the Northwestern Miller on last week's business, there was better support, and sentiment continues to favor the constructive side of the market on breaks, owing to the fact that such large quantities of wheat are already impounded, with more going into the Federal loan each week. At the last December wheat was 5/8¢ per bu higher, while the May delivery advanced 3/4¢.

Corn suffered losses early in the session, and bookings from the country were somewhat better, but this cereal has also been pretty well liquidated, and new buying carried prices higher than the previous close.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO October 9, 1941.

The German drive toward Moscow caused general discouragement in speculative circles. It was reported that the Red Army had halted powerful German drives from the West and South, but a broadcast picked up from London disclosed the fact that the Soviet government had decided to make Stalingrad the temporary Russian capital, which is at a distance of 200 miles Northeast of Rostov. This news apparently outweighed other factors, and even with the return ofwet weather to the bean belt, our market displayed very little strength, following yesterday's sharp recovery.

There is little attention being paid to Southern Hemisphere crop developments, although timely rains in the Argentine, after a period of dryness, are said to have relieved conditions. Despite, some frost damage which occurred about a week ago in the Provinces of Santa Fe and Cordoba, a friend of ours from Buenos Aires thinks that conditions are quite satisfactory and that his country will still produce substantial quantities of wheat. Probably 40 million bu will go this year to Brazil and other South American countries in the shape of wheat or flour, thus making up a little for the lost demand from Europe. There is some chance that Spain will be in the market for comparatively small quantities from time to time, and we wish to correct an error made in our market letter a few days ago by stating that the Spanish wheat crop is estimated at 109 million bu compared with 121 million bu last year. We mentioned a figure of 79 million bu for the 1940 crop, and used as our authority the United States Department of Agriculture, which had apparently made an error in the September 29, 1941 bulletin on Foreign Crops and Markets. A check up of our own records now shows that the present crop in Spain is even smaller than last year's.

All markets are pretty well filled with grain, and according to a Washington despatch, there was only 65 million bu of commercial storage available at terminal markets on October 4th. Since the terminal elevators need some working space, it indicates quite clearly that when corn and beans are ready to move space may be taxed to capacity. This is undoubtedly the reason for the heavy discounts of cash grain under futures, but it is also noticeable that with the farmer getting a relatively poor price for his corn, we may not have a very large movement from the farm during the period when ordinarily accumulations at terminals take place.

Primary wheat receipts today were fairly good for the time of the year, and amounted to 1,305,000 bu. compared with 1,243,000 bu last week, and only 648,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 471,000 bu. There were heavy receipts in the Northwest, combined carlots at Minneapolis and Duluth amounting to 893 against 427 last week, and only 306 last year. The general demand for cash wheat at Minneapolis was a shade better, and Montana #1 dark hard 16% protein wheat sold at 6 to 7¢ over the future. Thus, it is that dry wheat is wanted, and apparently at good premiums, but there is still a good deal of damp wheat, which is low in test, and this is finding a rather poor market.

At times there were rallies here, but generally speaking sentiment was less bullish; this is only natural in view of the Russian war news; and in securities apparently the same sort of psychology prevails. On the whole, trade in grains was light; there was no urgent selling, but we believe some of the locals who reinstated yesterday may have sold out again today. The much awaited message of the President to Congress, dealing with the Neutrality Act, was not forthcoming, and apparently there is some delay. At the last, December wheat showed a decline of 2 1/4¢ per bu, while the May wheat was off 2¢.

Corn, as well as other grains, was influenced by the action of wheat, and there was no particular feature. Support, however, was only fair, and markets sagged to lower levels on a rather light volume.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO Oct. 10, 1941.

Germany's claims yesterday were so bold that it is little wonder that heavy liquidation took place in both grains and stocks. They said that Russia's power to resist was broken, its leadership demoralized, and that its last effective armies were encircled in two areas before Moscow. It must be remembered, however, that a month ago Germany had its men battling in the streets of Lenigrad, although the latter city still stands under the Red Flag. The overnight news was somewhat more encouraging, with Moscow reporting that the German offensive had been blocked north of Orel. It was also stated that thousands of Red soldiers trapped by the Germans in the great encirclement had fought their way out, inflicting heavy losses upon the invaders. Meanwhile, reserve forces were hastening to the central front today to aid the Red Army in a furious battle, in order to prevent a German military tra p from closing on the defenders of the Russian capitol.

The carryover feeling from yesterday had been quite bearish. Traders were depressed, and probably with some margin calls having gone out overnight, there was a little further liquidation during the first few minutes of trade. But sentiment veered a little more to the bull side of the market, although there was some timidity, and this was occasioned by the fact that all markets will be closed over an extended week-end holiday. Of course, any further Russian reverses might again intensify bearish feeling. There seems to be a great demand in Britain for more action in Russia, even to the extent that Prime Minister Churchill's Cabinet might be shaken up to get stronger men with more initiative. Other news counted for very little, although there was some improvement in the flour business after the recent break.

Receipts in the Northwest continue large, with Minneapolis and Duluth having 488 cars of wheat in today, compared with 252 last year. Minneapolis will probably have for some little time yet a run of low-test weight wheat with high moisture, some of it damaged, some of it tough, owing to the fact that they had a long spell of wet weather. These off-grades will probably find a market only at big discounts, although the mills seem to be fair buyers of better quality wheat, and this is having a sustaining effect upon the market, with Minneapolis futures at about the same discount under Chicago as has been ruling for the past few weeks.

Inthe Southwest, and in fact now in the Central States, the moisture situation is definitely good for germination of the winter wheat crop. Kansas had one of the wettest months in history, with the moisture situation the best since 1927, and locally, our weather man tells us that during the past eight days, there was more rain than for sixty-nine years in October. So the plant should certainly get off to a wonderful start.

Primary receipts were 1,016,000 bu, which was about the same as last week; this compares with 683,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 569,000 bu. We are apt to have another small gain in the visible supply next Tuesday; a year ago it decreased over 2 million bu.

With European political news being scanned so carefully, we are bound to have nervous markets for some time to come. These are world-stirring events, and naturally bring about quick changes, but in the long run we feel that the fundamental situation is about unchanged, and that if prices remain at levels which attract large quantities of wheat into the loan, new pressure will be extremely light, and finally consumption will probably catch up. At the last, December wheat was 1/4¢ per bu higher, while the May future advanced 1/8¢.

Trade in corn was somewhat smaller than yesterday, and the action of this cereal was largely dependent upon wheat, with any change in sentiment being quickly reflected. Clearing weather was favorably regarded but had very little influence upon the price.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO Oct. 14, 1941.

Evening-up of grain commitments was on a rather extensive scale last Saturday, probably due to the double holiday. Many traders preferred to go home with an open mind, not knowing what developments might occur in the drive on Moscow. While the Germans have made some progress, there is still very heavy fighting in the Bordino area, 70 miles from the outskirts of the Russian capital, and this may finally prove to be one of the decisive battles. The fact that the Red Army, with its reenforcements, have stopped the spearhead of the German drive at several points, driving the Germans back, was considered a little more encouraging than the news which had been received heretofore.

However, our market was subjected to further liquidation this morning, and there has been no restoration of confidence yet on a scale which would bring in much new buying. After all, the statistical situation in wheat is still extremely bearish, and with the crop now estimated at 961 million bu, which is the second largest on record, and a carryover of 387 million bu, also the second largest in history, everybody knows that we have ample supplies for all purposes, except for the possibility that an artificial shortage may arise if excessive amounts are finally impounded, and taken out of the commercial supply. With 173 million bu of wheat frozen from the 1940 crop, and 241 million tied up during the current season, there is a total of 414 million bu of wheat that temporarily has to be taken out of the reckoning, except for the fact that the largest quantity of this wheat is in grain elevators; therefore, is only bearish to the extent that it helps to congest elevator space. We also had farm stocks of 492 million bu on October 1st, which was the largest in any year of record extending back to 1926. Thus, anybody making commitments on the long side of the market does so on the theory that artificial conditions will finally overbalance, at least temporarily, the laws of supply and demand.

In former days, everybody was interested at the beginning of the week in world shipments, but hardly a trader now concerns himself with this information, showing how completely divorced we are from international grain data. Broomhall figures that importers' requirements may amount to 328 million bu, or an average of 6,300,000 bu per week. Up to the present time, we have shipped slightly less than this quantity, exclusive of what Australia has placed afloat, but the chances are that Broomhall's estimate is about in line, in which case the world carryover next August will again be enormous, and the only hope finally lies in heavier exports after peace returns to the world.

Primaries over the holiday were large, at 2,177,000 bu vs 1,672,000 bu last week, and 772,000 bu last year. We had the first decrease in the visible supply, although it amounted to only 14,000 bu. There is still 230 million bu in all positions, or practically 60 million bu more than was on hand in 1940. Chicago stocks were about a standoff, with 15,878,000 bu domestically held.

The market was exceptionally quiet up to about mid-session, and at that time it became known that Senator Bankhead had called a conference in an effort to obtain a loan program on crude cottonseed oil at 14¢ a pound. This stimulated the fats and oils market; soybeans rallied, and this was carried to other pits. With very little pressure in either wheat or oats, there were rather sharp recoveries as liquidation had pretty well spent its force. Northwest markets, which had been a little weaker in the early trade, also rallied, and while there were good-sized receipts in Minneapolis, there continued to be a fairly good demand for better grades. At the last, December wheat showed a gain of 1/2¢ per bu over the previous session, while the May delivery was up 1/8¢ per bu. There was a slight narrowing of the carrying charge, but we attach no particular significance to this.

In corn, the December future was also the strongest. Late in the session this cereal displayed good rallying power, and we find that bookings from the country are very light.

Beans were extremely weak during the first hour or two of trading. This came in spite of rains in some sections. Better weather is in sight and the movement will soon be a factor.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO October 15, 1941.

During the past thirty days, speculative commodity prices have been mostly lower, and there was a declining tendency, which cancelled out to some extent the gains of the preceding month when inflation talk had again come to the foreground. Probably the severest reaction occurred in corn, where the price had broken over 11¢ a bu, and this was influenced by adverse news from Europe as well as by the weak cash situation. However, there was also a 5% drop in cotton prices, while drastic breaks occurred in dairy products, with importations from the Argentine reported. As the Department of Agriculture points out, a review of the production of the principal food crops makes an impressive showing this year. Wheat, for instance, is expected to have the highest yield per acre on record, and this again proves that, with the use of proper fertilizers and more intensive cultivation of the soil, we may have to raise our ideas as to the yields per acre in future calculations. Of course, moisture is also a most important factor, but with seeding of the winter wheat crop largely completed in many sections, it is gratifying to know that soil conditions over widespread areas are almost perfect.

Optimism might even extend beyond the scope of the grain situation, and in hay, for instance, the production was close to 97 million tons, compared with 80 million for the ten-year average. Therefore, there is a move toward more liberal feeding of cattle and sheep, and yet farmers may have a large carryover next spring. There was also a record production of sweet sorghum, while the milk production on October 1st was at record levels on the basis of production per cow, total daily production, and per capita production. In fact, our milk production, taking the country as a whole, is up from 7 to 14% above the ten-year average for this time of year, while egg production has also been high, being about 19% above the ten-year average for this date. Pastures are the second highest on October 1st since 1928, and thus, the agricultural situation, despite some exceptions, has a very bright appearance.

There was very little to guide our market this morning, although it was almost a foregone conclusion that with the war news rather gloomy, we could hardly expect much enthusiasm on the bull side of the market. Nevertheless, it is a fact that during the past four months, the Germans have met tremendous resistance and have suffered heavy losses, which is quite a different story from what might have been expected last summer when Germany had been receiving supplies from Russia, and the two countries were more or less allied in a common cause.

Actual pressure upon the market is limited, despite the scarcity of storage room. Receipts in the Northwest continue large, compared with a year ago, even though recent rains have cut the movement further. We are told that receivers are expecting a material increase at Minneapolis the first of next week, but it is likewise felt that the demand for good wheat will continue, and this type of grain is bringing good premiums as compared with the wet and tough grades which are still selling at tremendous discounts.

Flour business is only fair, but during the week there had apparently been a few large sales to eastern bakery firms, and according to the Northwestern Miller's review, spring wheat bookings were 80% of capacity vs. 57% the week before, and 40% in 1940. In winter wheat, sales were less good at 51% compared with 39% last week, and only 17% a year ago.

Primary receipts were quite substantial at 1,562,000 bu versus 1,188,000 bu last week, and 438,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 350,000 bu.

With over 50 cars of soybeans in this market today, it shows that the movement has started to pick up; while there has not been much pressure yet beans turned very weak in the last hour of trading. This influenced the grain market generally, and there was considerable uneasiness, with wheat prices finally down 2¢ per bu for the December delivery, while the May future sold off the same.

Corn was stubborn at times; in fact, it showed nice gains, but the weakness in surrounding pits could not be overcome, and finally there was some liquidation of this cereal by longs who were disturbed over the fact that cash discounts were still big, and that movement of new-crop corn had hardly started.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

MEMBERS:
CHICAGO BOARD OF TRADE
NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.

UHLMANN GRAIN COMPANY
TELEPHONE HARRISON 6282
141 W. JACKSON BLVD.

MEMBERS:
MINNEAPOLIS CHAMBER OF COMMERCE
WINNIPEG GRAIN EXCHANGE
DULUTH BOARD OF TRADE
KANSAS CITY BOARD OF TRADE
FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO October 16, 1941.

The carryover feeling from yesterday was somewhat bearish. The fact that the market had broken sharply in the final hour of trading, with only limited support was discouraging to longs. The resignation of the Japanese Cabinet was also a little depressing, as it was regarded as a victory for the pro-Axis element, and caused renewed speculation as to the possibility of a Japanese move against Russia. The war news from Moscow was probably no worse, and the Red army was holding its lines against the steady stream of fresh German units; but it was apparent that they were yielding ground and that the Red Capital was fully cognizant of the impending danger.

There is one thing, however, that should be noted, and that is, that prior to the first five-year plan in Russia, practically all industry was concentrated in the districts of Leningrad, or in the areas around Moscow, or in the famous Donetz basin of the Ukraine. In fact, almost 90% of Russia's industrial output came from these centers prior to the first World War. Since that time; everything has changed not only industrially, but also agriculturally, and even the exploitation of oil wells was toward the interior, and with the threat of an imminent war hanging over her, Russia began in 1938 to speed up her eastern industrial expansion. We find today that as the battle with the Nazis continues, new geographical exploration and construction of plants is still going on in this tremendous area of Asiatic Russia.

There were enough selling orders to further unsettle the market as the opening bell rang. New buying power was insufficient to absorb this liquidation except at some sacrifice to long holders, although on the break mills covered hedges, apparently against overnight business.

Northwest receipts were only about half as large as last week, with 403 cars at Minneapolis and Duluth compared with 248 last year. Minneapolis, which had been fairly strong yesterday, weakened, and at times their May wheat was again at a discount of almost 6¢ a bu under Chicago.

The moisture situation continues favorable almost everywhere. While there have been a few delays in scattered districts owing to excessive rainfall, seeding of winter wheat and rye has made progress, and the Nebraska State Report today commented on the excellent start, with fall soil moisture the best in many seasons.

Primary receipts today were somewhat smaller at 918,000 bu vs. 1,305,000 bu last week, and 647,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 326,000 bu.

There was a very nervous feeling in all grain pits. Liquidation seemed to come from all sides, and a situation such as prevails at the present time is possible because of the fact that we are going through a very artificial period, with many grains not worth the money at which they are selling, except for the fact that the government has seen fit to loan prices way above their merit. However, farm stocks in the Northwest are still very large, and after the wheat dries out sufficiently, we still feel that there will be a large percentage which will find its way into the loan rather than to be sold on the market. Thus, we cannot change our reasoning on the basis that the government will undoubtedly go through with its plan of making loans to farmers on the same basis for the whole season. Consequently, the entire picture might look a little different after confidence is restored.

The wave of selling was too much for the market with the limited speculation that we have now, and the result was that both wheat and rye futures sold down the full 10¢ per bu permissible limit for one day's trading. Everybody was asking what the news was, but we presume it was just a combination of circumstances, with foreign events encouraging traders to even up commitments until they could see the picture more clearly.

Corn and oats also suffered heavy losses, with traders frightened, and action in these pits was largely in sympathy with the sharp break in the leading cereal.

Beans were also under pressure, closing down the limit, with the movement in the country getting further under way.

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CHICAGO MERCANTILE EX.

CHICAGO October 17, 1941.

We have been afraid for several years that the usefulness of any hedging market would be impaired through too much government intervention. If one would analyze the present wheat situation on its merit, the conclusion might be reached that wheat is worth about 75¢ a bu, or approximately the same price as in Winnipeg. But when a government arbitrarily agrees to make a loan to the farmer of $1.15 at Chicago, it presents an extremely artificial picture. This benevolence, coming over and above outright bounty payments for soil conservation and reduction of acreage, permits the producer to obtain good returns just so long as the accumulations do not become too great and we may continue to carry on such a program. However, we are still mindful of the Farm Board era. The same psychology existed then, and wheat prices were supported all the way from $1.20 to 81¢, but when the load became too heavy, the government finally ended up by selling its supplies as low as 42¢ a bu. We fully expect that the carryover at the end of this season of 600 million bu or more will be nearly three times the normal, and we also observed yesterday that, with short almost completely scared out of the market, when prices started to brea new buyers could only be found on sharp recessions. Thus, there was great confusion, and many elevator concerns last night were afraid to buy or sell cash wheat until they found out how the hedge could be placed this morning.

We have thought for a long time, and still cling to the idea, that there will be enough wheat impounded during the current season so that prices finally will have to go to a level where sufficient supplies come back into commercial channels. There was considerable mill buying this morning, and apparently the overnight flour business had improved.

Even with the war our export outlet is pitiful. Since July 1st, we have shipped only about 6 million bu of wheat and flour, which comprises a period of fifteen weeks. Canada seems to be doing a better business than last year, and has cleared nearly 43 million bu of wheat and flour, compared with 24 million bu the previous season. Her carryover will also be a large one, although possibly reduced to some extent by heavier feeding of wheat to animals. As of this date, and assuming that the home consumption will be about normal; there is still 611 million bu of wheat for export and next carryover, compared with 695 million bu in 1940.

Toward mid-session there was a report from Washington that possibly farm prices might be taken out of the Price Control Bill altogether. There is nothing certain about this, but the agricultural bloc has been firm in its contention that there should be no ceilings on farm prices, and some believe that they may be working out a deal with opponents of wage control whereby the latter will support this stand in return for votes against wage ceilings. This had a somewhat bullish effect upon prices of all commodities in our pits, although after the sharp breaks which occurred yesterday, speculative buying was still a little hesitant. We observe there was a decline of over 5 million bu in the open interest of all grains yesterday, and apparently this was quite a corrective measure, as was also the break in values which carried wheat down to almost the point from where the bull market had begun many months ago.

Primary receipts were moderately good at 1,201,000 bu compared with 1,016,000 bu last week, and 575,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 365,000 bu. We are apt to have a moderate decrease in the visible supply on Monday; a year ago stocks went down nearly 1 1/2 million bu.

Today's advance has undoubtedly restored confidence, at least partially, and this is confirmed by the buying which came into the pit, particularly from milling concerns. Under the circumstances, we would not be surprised to see still further recoveries, although at the moment there is still a good deal of nervousness. At the last December wheat showed an advance of 5 1/2¢ per bu, while the May future closed 5 3/8¢ higher.

Corn acted very much better, and the chances are that the loan price may be announced sometime next week. With farmers able to get more through this means than by marketing, we feel that the artificial influence will be a stimulant, and undoubtedly large quantities will be impounded, while in other directions feeding will be on an extensive scale.

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CHICAGO MERCANTILE EX.

October 20, 1941.

Some headway was reported by the Germans in their drive on Moscow, and apparently admitted by British and Soviet communiques over the week-end, Both the Red army and the Home Guards were holding on most fronts in the heaviest fighting of the war, and in fact, fighting continued throughout the night. In some sections there was a slight slowing up due to clouds and rain, although the latter had more to do with hampering air activity on both sides. While Berlin is undoubtedly maximizing its claims, particularly with reference to Russian casualties, it is a fact that the losses have been enormous, but for that matter, Germany also lost heavily in manpower. The important thing to remember is that Stalin shows grim determination to fight for every yard of ground as the Germans approach the gates of the Capital.

When our market opened this morning, the feeling was slightly reactionary. First of all, wheat values had recovered substantially from last Thursday's sharp decline, and moreover, it was felt that the milling demand, which had played such a prominent part in the market Friday and Saturday, would probably continue on a reduced scale after some of the immediate requirements had been cared for.

News from Canada told of price control to combat inflationary tendencies, and in carrying out such a program ceilings would be adopted The first information was rather scanty, and nobody could be sure that wheat was included. However, it is our impression after reading an Ottawa dispatch that a ceiling price for wheat is being contemplated, and the Canadian Premier wants to make the combined price and payment of wheat $1.00 per bu delivered at Fort William or Port Arthur, but is taking into account the full effect of supplementary payments which have been made to farmers. We do not know exactly how to figure this, but possibly these gratuities amount to as much as 20¢ per bu; thus the ceiling price might amount to only about 80¢ per bu, and would not allow much variation for futures trading, as there is already a minimum price for the different futures.

The trade here was less bullish than on Saturday, and with some profit-taking prices were easier in all pits. Other news was more or less ignored. Very few people are even looking at world shipments, but it should be noted that North America is the most important factor, having placed about 4 million bu afloat this week; we presume that the bulk came from Canada, as the United States is doing very little. Since July 1st, total shipments from all countries were close to 72 million bu, which compares with only 48 million last year. In spite of this, we doubt whether seasonal shipments will exceed much, if any, those of the previous season, with so many European countries still cut off from overseas supplies owing to the British embargo. Not much is heard yet from the Southern Hemisphere, except that in Australia, beneficial rains have fallen over a large part of the country, except in New South Wales, where the drought continues. In the Argentine, it is thought the abandonment might run as high as 15% compared with only 12% the five year average. However, the export movement from that country continues small, and there is still a surplus, based on the last government estimate, of around 95 million bu.

Primaries were 1,333,000 bu; a week ago there was a holiday, and last year they amounted to 639,000 bu. When the visible supply was published it showed an increase of 1,201,000 bu. Total stocks in all positions are 231 million bu, which is 62 1/2 million bu more than in 1940. Chicago stocks decreased 77,000 bu. We still have 15,801,000 bu at this market.

There continued to be a nervous feeling in all speculative markets, and while the trend was downward in wheat, there was a fair rally from the low point of the day; a good many speculators feel that with December wheat selling under the loan price that large quantities will still be impounded. Up to the present time the CCC has announced that over 255 million bu of wheat have been frozen; this compares with 209 million bu same date a year ago. At the last December wheat was 1 3/4¢ per bu lower, while the May delivery declined 1 1/2¢.

There was a rather erratic trend in corn; details of the loan have not yet been announced, but the trade expects to have further information sometime this week. It was only natural that some reaction should take place, as the advances Friday and Saturday met with little opposition, and undoubtedly the short interest had been greatly reduced.

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CHICAGO MERCANTILE EX.

CHICAGO October 21, 1941

Canada being at war apparently gets things accomplished quickly. The Prime Minister recently announced sweeping price and wage control regulations, which would become effective November 17th. This acted as a depressing influence upon our market yesterday, as some traders believed that it might be a pattern for our government to follow. Mr. King stipulated that no person may sell any goods or supply any service at a price or rate higher than those prevailing during the four weeks from September 15th to October 11th of this year. In other words, Canadian prices are to be halted right in their tracks. This was done, despite the fact that agriculture had been receiving special consideration; for that matter, it was acknowledged that the policy would be continued by government action, at least to the extent that certain subsidies would be granted to producers, although as we read the new decree, it is doubtful whether May wheat at Winnipeg will be permitted to sell higher than 82 3/4¢ a bushel, which was the top price reached on October 4th. Many asked us whether such stern action might not be followed by legislators in this country, and whether future policies might not be modified. However, this was all settled very quickly this morning, when Secretary Wickard gave his support to price control legislation, which would authorize ceilings on farm products at not less than 110% of parity. He also declared that agricultural commodities were not too high yet. In trying to combat inflation he does not think that price control alone will prevent it, but his proposed cure is increased production, claimigg that the Department of Agriculture had inaugurated a program designed to give this country its greatest production of food crops next year.

Our market immediately rallied sharply, as Mr. Wickard's announcement had come rather unexpectedly. Of course, there is another big factor with us: namely, the artificial influence of the loan. A year ago 61 million bu of wheat became impounded between this date and the end of December. The freezing of stocks had almost come to an end in the Southwest, with only 7 million bu being tied up from this time onward. The Pacific Northwest added only 3 million bu to its frozen supplies, while the big increase occurred in the four Northwestern States, with North Dakota, South Dakota, Montana, and Minnesota freezing 45 million bu of wheat from now until the end of the year. The balance was scattered in small quantities over the rest of the country. It is difficult to believe that terminal storage loans will increase much since there is so little room, but undoubtedly farm loans will continue to grow. Whether the increase from now on will be much larger than for the corresponding period a year ago remains to be seen.

The German "blitz" on Moscow has slowed down in tempo, although new drives toward the Donetz industrial basin were reported. However, this news had very little influence upon markets.

Northwest receipts continue heavy, with Minneapolis and Duluth reporting 724 cars of wheat received. This was slightly less than a week ago, but compares with 415 cars last year. The price paid for off-grades is much better relative to futures than in the past. Farmers in the Northwest have been making fairly good progress, and it is likely that receipts will continue rather heavy for sometime, while the condition of wheat should be a shade better, with the improvement in weather.

Primary movement was moderate at 1,197,000 bu compared with 2,177,000 bu last week, which was for a two-day period; last year receipts were 655,000 bu.

After going into new high ground since Thursday, prices reacted rather sharply, and, of course, it must be borne in mind that even with high ceiling prices, there is no guaranty that ceiling levels will be reached. For three-quarters of a century prices could fluctuate both up and down according to the merit of the particular commodity without necessarily reaching extremes. However, in the main, we believe that comparatively high levels will rule, owing to artificial circumstances. At the last December wheat was 4 1/2¢ per bu higher, while the May delivery advanced 4 1/4¢.

Corn, like other commodities, recovered quickly on Mr. Wickard's statement. On a very small trade, rye shot up swiftly, but the May delivery reacted from 75¢ to 71¢ without a trade, showing the thinness of that market.

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CHICAGO MERCANTILE EX.

CHICAGO October 22, 1941.

About the only overnight news was an announcement by the CCC that the government was offering soybean producers their first loan program. This apparently was intended to aid in the orderly marketing of the 1941 crop, which is estimated to be a record one; but still with the loan only amounting to $1.05 on the farm, this cannot be of much assistance if prices are a good deal higher than that figure. In fact, the average farm price for beans on September 15th was $1.61 a bu compared with 79¢ in 1940.

The trade did not pay much attention to this announcement, although a rather bullish sentiment prevailed early, with Mr.Wickard's statement still fresh in the minds of the public, indicating that the Agricultural Department was not trying to place ceiling prices at too low a level. As a matter of fact, their policy is quite contrary to the one just adopted in Canada, and thus, confidence, which was shaken for a time, seems to have been restored owing to the fact that 110% of parity on the farm would make the price about $1.32 a bu, which is even higher than wheat is selling at any of the terminal markets, where, of course, freight charges would have to be added. The more conservative person no doubt reasons that these ceiling prices may never be reached, even though permissible, but yet there is some comfort in knowing that the allowable limits are at least wide enough, so that trading may take place within the bounds made possible by the artificial circumstances that surround us.

It is, of course, too early to have fixed ideas on the likely size of next year's crop. While the moisture situation has probably been the best in years, there are some complaints from Kentucky southward, and also in the Atlantic areas, that the seeding of fall grain crops was delayed because of continued dryness. As a result a good deal of the seeding was accomplished in dust and is not germinating properly. Another rather unusual incident is reported in the Southwest: namely, that much of the western portions of the winter wheat belt has received too much moisture, but this is never very bothersome, because even though seeding may be delayed, it generally catches up when other conditions are favorable. There are, however, some fields in Oklahoma that may have to be re-seeded, but in the long run excessive fall moisture is never a very serious complaint.

European war news was rather colorless. London reported that Russian troops on the Southern front had stopped the German advance on Rostov, and apparently the "blitz" is meeting with greater resistance than had been anticipated. At numerous points, the Red army is counter-attacking, despite heavy snows and high winds, and this undoubtedly is also aiding the Russians and slowing the German offensive, with some of the line roads becoming almost impassable.

There was little in statistics today; primary receipts amounted to 909,000 bu compared with 1,652,000 bu last week, and 692,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 29,000 bu. The whole open interest in wheat is down now to 51 3/4 million bu, and apparently speculators are not yet overly courageous. This, however, is natural after the violent swings which we have had in the last two weeks; furthermore, there is some fear in over-trading, as there is so much talk coming out of Washington almost daily to turn the tide of affairs. When such news is received here everyone wants to go in the same direction at once, and this makes it extremely difficult to transact business according to old standards. Flour business was just of fair proportions, but it seems that some bakeries and grocery concerns anticipated their needs for many weeks in advance after the recent break, and from now on we may expect more normal operations. Last week, Northwest mills booked 165% of capacity, which compared with only 42% a year ago. In the Southwest, there had never been the big spurt, and business there was only 57% of capacity during the week, which was a drop from 122% in 1940.

With some liquidating orders and weakness in outside markets, December wheat finally showed a decline of 1 5/8¢ per bu, while the May delivery was down 1 3/8¢.

Corn held relatively firm, but also yielded some ground. In soybeans there were stop-loss orders, but trade on the whole was very orderly.

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CHICAGO MERCANTILE EX.

CHICAGO October 23, 1941.

The trade has been awaiting definite announcement from Washington on corn loan rates, and it is now thought that within a week or so, this information will be forthcoming. In the meantime, however, certain officials intimated that the average loan price would be close to 71¢ a bu on the farm for No. 2 yellow corn, and this is somewhat of a disappointment to those who had figured that the price might have ranged 3 to 4¢ higher. Nevertheless, our markets were little influenced, probably because the 71¢ price is still above the spot market here at Chicago, and the chances are that large quantities will finally be impounded.

Other news was rather scanty, although Russian troops are apparently holding firmly to their lines at the Moscow front; in fact, are throwing back German troops with heavy losses, while elsewhere they have even started strong counterattacks, according to British dispatches. Meanwhile, Germany has thrown all of its available airplanes into the att ack in support of ground forces in a desperate attempt to go ahead with its blitzkrieg before it becomes definitely stalled in a winter campaign.

There is very little that one can say these days about international grain affairs, although world shipments for the season are not apt to exceed 320 million bu. Therefore, it is an entirely different picture from that which we had during the first World War. Europe has harvested a somewhat larger crop than last year, yet this does not imply that all is going satisfactorily with relation to their food situation. The distribution is bad, and the Nazi regime has caused the depletion of stocks in many of the occupied countries. There are reports of bread riots in Holland and Belgium from time to time, and without the opportunity of importing from overseas, their limited facilities for home production bring about a very serious condition. Switzerland can still import a little wheat, but Greece, which was always dependent upon foreign grain, is now in the same plight as Holland and Belgium. Broomhall points out that great care should be exercised in the post-war rehabilitation. Some scheme he says, will be essential for feeding Europe, but he would deprecate any attempt to take advantage of the position to embark on an experiment of international price and trade control which would deprive England and other countries of the benefits of the open market system of trading. With so many complications, there is always a great danger that an unworkable and harmful scheme will be attempted, unless the advice and collaboration of practical men is sought and welcomed. With this we agree wholeheartedly.

There is one situation in our Northwest in connection with the loan that should be touched on. We have stated repeatedly that a large increase in farm storage between now and end of December seems likely. Under the requirements of the loan, grain must be in the bins thirty days before inspection can be made, and this year it is going to be quite a task to cover the territory. We also realize that in certain localities, which were most affected by the wet harvest, large quantities of wheat will not grade properly, and this may cut down the grand total very materially. Of course, there is the possibility that this wheat may dry out before the inspection is officially made, but where the damage is running heavy or above that allowed by the inspection, the period of thirty days or longer in the bin will certainly not improve the quality.

Primary receipts were small at 763,000 bu compared with 918,000 bu last week, and 509,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of only 4,000 bu.

In the early trade markets were dull and lower, influenced by the weakness and liquidation in October soybeans, but about half an hour before the close of the session, it was announced that the House Agricultural Committee had voted legislation boosting loans on the five basic crops for 1942 and 1943 to 100% of parity. This would mean that farmers on the next crop could get a loan of $1.21 for wheat on the farm, based on September 15th parity, and this is naturally very bullish on July wheat, and may finally bring about a big carrying charge from old to new crop. At the last December wheat showed a gain of 5/8¢ per bu while the May future was up 1¢.

Corn and oats, in fact everything, were influenced by the Washington news, and higher closing prices were obtained.

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CHICAGO MERCANTILE EX.

CHICAGO October 24, 1941

The news regarding a possible 100% loan for the five basic commodities was released so late yesterday that the whole country did not have a chance to fully appreciate all the implications. Of course, nobody knows at this time whether such legislation stands much chance of final enactment, as after all, with the other bounties that are being paid to producers by way of soil conservation checks and parity payments, the farmers would finally be in a more favored category than had been originally intended. Furthermore, with parity rising all the time, this might finally bring great hardships to the consuming public and hasten inflation, which is being desperately fought in other directions. Therefore, we feel that for the present at least, there are great uncertainties ahead. The trade, still having in mind that the loan had been raised to 85% of parity on the present crop, with very little consideration even being given to a mere 75% of parity, now feels that there is a chance, with the proper political backing, that the new proposed advance may be reached.

This was the reason for higher prices again this morning and it is our impression that if the 100% loan is finally enacted, it is really more bullish on July wheat than on the May. There are periods, particularly at the start of the season, when the first run of grain takes place at a level below the loan price, but the higher the loan, the greater the temptation for producers to impound their crop. If July wheat should be anywhere near the $1.30 level next April, we feel that the redemptions from the current crop will be enormous, and with a likely carryover three times the average of the past ten years, we are of the opinion that there will be a very big carrying charge from May to July.

Statistically, there are no important changes as the season progresses. During seventeen weeks, the United States has exported only 6 1/4 million bu of wheat and flour, and even this small amount was only accomplished through the granting of a heavy subsidy. Canada has cleared 46 million bu since August 1st, which is 20 million bu greater than for the like period a year ago. It is still somewhat of a question what her domestic consumption will be owing to a large amount of low grade wheat, but assuming the same utilization at home as took place last year, she still has 608 million bu of wheat for export and next carryover. This is approximately 84 million bu less than in 1940. Continued favorable weather up there has permitted the farmers to catch up in their harvesting operations, and in the Prairies the work is about 90% finished.

The war news was a little more encouraging from the Russian point of view, at least judging by the communiques coming from the Soviet. They seemed supremely confident of final victory, and boasted that they were organizing new armies, and that Hitler had failed in his objectives. They also claimed that if the present German offensive was not the last great one, it was certainly one of the last, and at the same time the Nazis had been thrown back in several sectors, while at no point had the Germans ever been less than sixty miles from the Red Capital.

Primary receipts were somewhat over the million-bushel mark, compared with 1,201,000 bu last week, and 611,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 99,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 2,764,000 bu.

There was fair activity during most of the session. There were periods when it was not too easy to fill large orders, and this we attribute to the fact that with so much talk coming out of Washington, many people are staying closer to shore. It would not be easy to place large hedges in this market, or to remove them, as in former times. Best prices of the day were not maintained, although at the last December wheat showed a gain of 7/8¢ a bu, while the May future was up the same.

Corn was influenced by reports that sales had been made out of Chicago to eastern exporters; this encouraged buying, and the undertone was very good.

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CHICAGO MERCANTILE EX.

CHICAGO October 27, 1941.

Secretary Wickard recently stated that "Price fluctuations may be desirable to stop the flooding of markets at certain periods." It is, of course, a fact that men speculate because prices fluctuate, and if all the speculators in the world were dead, prices would still fluctuate, yet there is the common belief that speculation is the cause of price fluctuations, which is, indeed, a strange confusion of cause and effect. One might just as well say that because there are so many hospitals and ambulances in the world, there should be many sick people. Nevertheless, it is reassuring that the administration prefers that commodity exchanges be kept open, if for no other reason than to keep the farm marketing system functioning. Those who assume speculative risks which others cannot afford to bear, are finding it rather difficult to operate with so many conflicting reports coming from Washington. The speculator who stands mid-way between the conservative investor and the gambler, performs a real economic function, and he accepts the risk which has been shifted from the hedger.

The European news over the weekend was not too good from the allied point of view, as Germany was apparently making some progress in the drive through the Donetz River basin, despite bad weather. This naturally becomes a very real threat, because of the important industrial areas and the loss of the great steel and engineering factories, also the power plants and coal mines, would prove a hard blow if finally conquered by the Nazis. The encouraging factor, of course, is that the Red army is still able to counter-attack, and the Soviets claim that they have checked the enemy in the vital sectors, while gaining some ground in the Mozhaish area.

When our market opened this morning, there was no particular encouragement for making purchases. There is still a great deal of doubt whether the administration wants loans as high as 100% of parity; in fact, the President signed rather reluctantly the 85% loan bill just a few months ago. A good many farm officials feel that the 100% loans would throw the entire control program out of kilter and that the Chief Executive would veto it; but until something definite is known, we expect nervous markets to continue.

Rains over the week-end were quite general, and not regarded as helpful for corn and beans, as the wetness of the fields has made fall work slow, but cold weather is forecast; therefore, the additional moisture had very little influence. There is, however, some apprehension in the Southwest, where winter wheat has not yet been fully seeded and elsewhere where lands are standing under water, but on the whole, subsoil moisture is sufficient to carry the plant through the winter, and from that point of view, it makes the outlook very optimistic.

Primary receipts were small at 777,000 bu compared with 1,333,000 bu last week, and 554,000 bu last year. When the visible supply was posted it showed a decrease of 688,000 bu, but this still leaves 230 million bu of wheat in all positions, or 64 1/2 million bu more than was on hand a year ago. Chicago stocks decreased 156,000 bu leaving somewhat more than 15 1/2 million bu at this market.

There was no particular grain news, but our domestic situation is very bearish from a statistical point of view. Combined stocks of wheat in interior mills, elevators, and warehouses, together with wheat held on farms were 716 million bu on October 1st, compared with only 434 million bu the average from 1934 to 1939. However, statistics in themselves are no longer the basis for market operations, and one must bear in mind that finally there may be enough wheat impounded from the current crop to bring about a tight cash situation. The government issued no figures last Saturday as to how much wheat had been frozen during the week, and until we receive some clue as to the amounts which were recently tied up it also beclouds to some extent one of the important factors which presently is helping to guide values. At the last, December wheat was 2 1/8¢ per bu lower, while the May future was off 2¢.

Corn held comparatively firm. The trade was impressed with the reduction in loan stocks; during the past six months this amounted to 117 million bu. We feel that the yellow cereal will continue to be dominated by artificial conditions.

UHLMANN GRAIN CO.

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CHICAGO October 28, 1941

Developments on the Russian front continue somewhat conflicting, but the British military experts feel that a crisis is approaching, at least on the Eastern front, and that before long either the German attackers or the Russian defenders must give way. However, it is conceded that Hitler's armies have already succeeded in eliminating most of the rich Donetz basin's industries from the Soviet economy, with occupation of that area only partly completed.

When our market opened this morning, sentiment had undergone a complete change from the pessimism which had prevailed yesterday. Possibly reports from the Southwest, claiming a great delay in seeding operations, were responsible for this. One report had it that only about 35% of the wheat in Eastern Kansas had been planted owing to the excessive moisture. This brought shorts in and also a little investment buying, but trade again was extremely light, and whatever transactions took place were on a reduced scale as compared with other years. With new pressure almost non-existent, except from longs who were willing to take an overnight profit, the market attained a gain of 1 1/2¢ a bu from yesterday's closing figure during the first few minutes of trade, although at that point hedges from the Northwest came into our pit, with a leading elevator concern again selling the December future.

There seems to be some disappointment in that the figures of impoundings were not given to the trade last Saturday, as has been the case in previous weeks, but we do not attach much importance to this, as it is our feeling that the work of compiling these figures is great and that the delay can only be due to the complications involved when so many small loans are being taken.

The European food situation remains very bad, and a dispatch from Rome states that a Vatican representative is enroute to this country to try to sound out sentiment in Washington regarding the sending of foodstuffs to the civilian population in the German occupied countries. It is doubtful, however, whether England will permit the passage of such boats through the blockade. Should the war continue for another year, the hardships will be even greater next summer, as there is already a shortage of labor in Europe, and in Russia particularly, much seeding obviously cannot be accomplished because of enemy action. As a partial offset, there are efforts being made, notably in the Balkan countries, to step up wheat acreage, although there are no accurate reports as to what is taking place.

Primary receipts were 958,000 bu versus 1,197,000 bu last week, and 696,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 124,000 bu.

The market was again very erratic. Toward mid-session local selling came into the pit, with the result that values broke 3¢ per bu from the early high, although at that point the market encountered good support. Cereal interests bought good quantities of May oats on the break, houses who often act for exporters bought corn futures, while there was evidence of possibly some fair business in flour. It is now thought that deliveries on December wheat contracts may be fairly substantial, and the spread showed a little tendency to widen today, although July wheat lost ground as compared to May. The latter, in our opinion, will depend somewhat upon government policy, although with an enormous carryover in sight, we would be inclined to look for some widening as time goes on. At the last December wheat showed a decline of 1/8¢ per bu, while the May future was unchanged.

Corn was relatively firm, although the severe break in wheat had a sympathetic influence, but recoveries were just as rapid, and it is thought that the loan policy will be announced either sometime this week or next. Sales from here were large.

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CHICAGO

October 29, 1941.

No government has yet found a suitable substitute for the law of supply and demand. This is evidenced by the fact that almost every day we hear some new proposal from Washington, and various changes are taking place right along in an effort to obtain better prices for producers. Shortly before our market opened this morning, it was announced that Secretary Wickard was opposed to the 100% parity loan, because he feared it would interfere with the Department of Agriculture's attempts to secure a record production of food next year. He probably had in mind that such a high loan would be very objectionable, so far as corn was concerned, and that this is one of the fundamental feed crops needed for hogs, cattle, chickens, etc., and naturally, farmers could not be expected to feed on a normal basis, or even abundantly, if they were to get much more money by tying up the crop artificially under the loan.

While the trade had this to consider, there was a rumor from the Argentine that minimum price levels might be raised, and this in spite of the fact that the crop prospect has been cut by bad weather and recent frosts, with the likelihood of not more than 180 million bu being raised this season. They are cut off more or less from European markets, with the result that there is a surplus in that country of nearly 100 million bu compared with only 16 million bu a year ago. Furthermore, they have a situation in corn that is much worse, with 334 million bu on hand, and apparently no market for it. So, while the government paid a big price to obtain it, it is now being sold or given away for practically nothing.

In Australia, there are also troubles, and according to the Labor Minister, limitation of wheat acreage will be abolished and payments to producers hereafter will be on a quota basis. This change in policy, however, will not apply to the 1941-42 crop. The scheme which is now in force guarantees farmers about 56 to 57¢ a bu FOB ports, but that includes the price of sacking, and this is certainly not a very good return in comparison with what farmers in this country expect. Thus, the whole world, having entered into a period of experimentation, is finding that nothing has worked and the solution is not yet in sight.

The CCC announced that in the week ended October 18th, a total of about 3 million bu of wheat went under government loans and into storage on farms or in warehouses. This compares with 14 million bu the week before, and the decline may be attributed to bad weather in the Northwest, which undoubtedly made some of the grain unsuitable for obtaining a loan; but also there is the other important factor that terminal storage everywhere is scarce, with supplies piling up. With a total of 258 million bu of wheat frozen so far this season, compared with the peak loans of 278 million bu the year previous, there is some speculation now as to whether we can expect as much of an increase during the 1941 season over the previous one as had been anticipated by many people earlier in the season. A year ago, same date, loans were 222 1/2 million bu.

Primary receipts were heavier at 1,067,000 bu compared with 909,000 bu last week, and only 519,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 104,000 bu.

Our market was rather firm all during the session. It was reported from New York that the United Kingdom bought Manitobas today, and this was presumably for Russia. They were also asking for rye offers. However, Winnipeg prices were very little changed, probably for the reason that they still have such tremendous stocks of wheat on hand, and ceiling prices will soon be enforced. The strongest future here was July, and with the return of wet weather, it may be more difficult now to accomplish the full amount of seeding that has been planned. At the last, December wheat was 1 1/2¢ per bu higher, while the May future advanced 1 5/8¢.

Corn was rather firm, bookings from the country were slightly heavier, but sales are being made from this market each day. Most people rely upon artificial forces to keep the market strong, even during the normal period of movement. More opposition is developing toward ceiling prices for agricultural products.

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October 30, 1941.

There was no overnight development to furnish any inspiration to traders. The war news remains mixed, with German claims of gains in the Crimea, while Russian reports indicate that the Red army is still counterattacking South of Moscow and West of Rostov. It is felt in some quarters in London that the Red army is wearing down the Axis offensive against the Western defenses of Moscow.

Late yesterday afternoon, the Department of Agriculture released the parity figures as of October 15th. During the thirty-day interval from the last report, parity was advanced on wheat from 121.1 to 122, and on corn from 88 to 88.6¢ per bu, showing that the tendency of the general price levels is still upward.

Some surprise was expressed over the small increase of approximately 3 million bu in wheat impounded during the week ended October 18th. A study of the detailed figures reveals a few very interesting facts, and shows some rather substantial decreases in the amount of loan wheat stored in warehouses. For the State of Kansas, there was a falling-off of about 1 1/4 million bu; Missouri showed a decrease of slightly over a million bu; Nebraska had a very sizeable decrease, amounting to about 5,300,000 bu, Oklahoma around 3/4 million bu, and Texas somewhat over a million bu. There were lesser decreases in several other States. The amount stored on the farm showed a shrinkage only in one State: namely, Missouri. This would seem to indicate that during the period when the price was considerably higher, some redemptions had taken place. Increases naturally occurred in the spring wheat states, but they were only of very moderate proportions. Some reports from the Northwest state that weather conditions have lowered the quality of wheat, so that a large amount may not qualify under loan requirements.

The prospects for the wheat crop in the Orient this year are the best since about 1936. While the increase is only slightly over last year, it is much better than the few previous years. The preliminary estimates give China 720 million bu, which is within 40 million bu of the average of 1931-35, and is about 80 million bu over several of the recent poorer years. The combined crops of China, Manchuria, and Japan are estimated at 802 million bu, compared with former average years of about 858 million bu. Imports are always necessary, but are now greatly handicapped by the lack of foreign exchange allotments. Stocks of flour in Shanghai are estimated to be equal to about three months' consumption, although it is believed that considerable amounts are being hoarded. With the difficulties in the Far East, the Orient will probably not be a big outlet for the surplus countries this year.

In our own country, flour sales activity dropped during the week, with the Southwestern buyers almost completely without interest, and inquiry from the Northwest at low ebb, although the mills remain well booked with business previously placed. According to the Northwestern Miller, bookings in the Southwest reached 44% of capacity compared with 57% the previous week, and 39% a year ago; while mills in the Northwest bookings aggregated 71% of capacity against 165% the week before, and 40% in 1940.

Primary receipts totaled 813,000 bu versus 763,000 bu last week, and 567,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 251,000 bu, the entire decrease taking place in Kansas City.

Wheat showed very little independent action at any time during the session. In response to the earlier strength in other cereals, wheat prices advanced, but advances were not maintained, and at the close December wheat showed a decline of 5/8¢ per bu, and the May was 1/2¢ lower.

A very much friendlier attitude is being taken towards corn. According to the Bureau of Agricultural Economics, the advance in corn prices during 1941 has resulted in the sale or redemption of about 145 million bu of sealed or government-owned corn since April 1st. They state that most of the corn under seal in Ohio and Indiana, and a considerable part in Illinois has been redeemed. The latest government figure indicates that there is left in government possession only 165 million bu of defaulted corn. With a considerable increase in feeding operations, many believe that the government holdings will dwindle to very small proportions. Sales out of Chicago have been fairly large, and with cash prices based on the future market at lower levels than government holdings; offerings of corn are being well absorbed.

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CHICAGO

October 31, 1941

News was received this morning of the sinking of an American Destroyer, the Reuben James. However, President Roosevelt stated that he had heard of no move to sever international relations with Germany. In the Far East, tnesion is again growing, and Japan was reported massing troops for an attack on the British American supply line to China, and possibly some move against Thailand. On the Russian front, communiques from the two embattled nations are still confusing.

On the domestic front, it is reported that Secretary of the Treasury, Henry Morgenthau, is considering asking Congress to take up another multi-billion dollar tax bill this fall. He also stated that extra purchasing power must be reduced quickly as a safeguard against inflation. It appears he has a three-way program: 1. Calling for more general income taxes on individuals and higher excess profits taxes on corporations: 2. Sharp increases in social security payroll taxes: 3. Increased individual savings to be invested in defense bonds.

Further discussions are under way between different Committees on the price control and on loan prices. Naturally, with all these very vital issues at stake, it is extremely difficult for anyone to come to definite conclusions as to what will be finally enacted. Therefore, the trade is in a very nervous condition, unable to come to any decisions as to the effect marketwise. Canada is embarking on a pioneering role among free nations in a program to avoid the vicious spiral of rising prices and wages. The plan puts a ceiling on the prices charged for all commodities and all services by freezing these at recent levels. It prohibits any increase in basic wage rates without special permission and it further requires that the cost-of-living bonus previously applicable to war industries shall apply to all wage-earners and that this bonus shall be adjusted every three months, in accordance with a definite formula. From information which we have received, the maximum Winnipeg price, subject to some minor changes, basis on "in store" at Fort Williams, Port Arthur, and Vancouver, will be 82 3/4¢ for wheat, 53¢ for oats, 65 3/4¢ for barley, $1.64 for flax, and 66 5/8¢ for rye.

Of paramount importance to the grain trade, as well as to the farmer, is the amount of wheat which will finally be impounded under the AAA program. From previous years, the CCC has accumulated a total of 173 million bu of pooled wheat, from which any profit accruing will be divided amongst the farmers participating on a bushelage basis. Last year's loan was on basis of 81¢ at Chicago. Charges now have been assessed for over a year on the majority of this wheat, and to date, very little has been sold. As we understand the terms of the agreement, the profit is not to be divided until all the pooled wheat for that season has been sold. This may not take place until quite a distant time, as there is great opposition to the liquidation any time sales are announced. The producer is naturally greatly encouraged to hold the wheat because of various pending governmental actions, such as either high ceiling prices on agricultural products and the possibility of an increased basis for future loans. Even should the loan price for 1942 be set at 85% of parity, such as was the case this year, there has been a steady advancing of parity prices, and according to the last government figures issued for October 15th, it now stands at $1.22, which is already 7¢ over the May 15th figure, which was used as the basis for this year's loans. These factors all have a bearing on the amount of wheat that will be available this year, and much will depend on the price level during the next two months, as within that time producers will have to decide whether or not to make application for wheat loans.

Primary receipts were 812,000 bu against 1,040,000 bu last week and 615,000 bu last year. So far this week week Minneapolis and Kansas City stocks show a total decrease of 302,000 bu, indicating a small decrease in the visible supply on Monday, which will compare with a decrease of 1,196,000 bu in 1940.

There was no particular news vital to the wheat market, and with the lack of outside interest, markets are quite thin and very easily affected by the action of the local trade. This more or less causes an erratic market. At the close December wheat was 1/2¢ higher and May up 5/8¢

Weather conditions will have quite a bearing on the corn situation and unless drying weather is encountered soon, the moisture content of some of the new corn may be too high to make it eligible for a government loan. Furthermore, the keeping qualities in cribs may not be equal to the past few seasons.

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CHICAGO November 3, 1941.

On Saturday the House Banking Committee approved a commodity price control bill which, while it excluded any wage ceilings, did include ceilings on farm commodities. The bill provides that the ceiling could not be placed below the highest of the following three levels: first, 110% of parity; second, the average price from 1919 to 1929; third, the prevailing level last October 1st. In analyzing the bill as to its effect on wheat, $1.22 was the parity price on the farm as of October 15th, and 110% would make this price ceiling $1.34. The average price for the period 1919 to 1929 was $1.32 1/2, and of course, the prevailing price as of October 1st was still lower. Therefore, it would appear that should this bill be enacted the 110% of parity would be the yardstick, and $1.34 on the farm, using the same differentials has have been used in figuring loans the past several seasons, would make it equivalent to a price in Chicago of approximately $1.51. The parity prices have been steadily increasing, so that eventually 110% might mean a higher level than reported above. Of course, this bill may go through many changes, and may be radically altered before any final legislative vote is taken.

According to figures released Saturday, the amount of 1941 wheat placed under government loan, as of October 25th, amounted to 272,118,000 bu compared with 235,889,000 bu a year ago, and is only 6 million bu less than the total put under loans in 1940. In analyzing the figures, we find that the amount of wheat loans on farms increased the last reporting period about 8 million bu, and since October 4th, it has increased 25 million bu. The greater part of this increase has been in the four Northwestern States, which section accounts for 18 million bu, whereas the four Southwestern States show only 4 million increase. The other states' farm loans are about 4 million higher for the same period. We are tabulating below the amount of wheat on farms October 1st, according to the government report, and the amount of wheat on which loans were outstanding October 4th and 25th respectively:

(000's omitted)

WHEAT	On Farms 10/1/41	October 4th Farm loans	October 25th, Farm Loans
Kansas	73,465 bu	15,043 bu	17,023 bu
Oklahoma	19,638	1,800	2,175
Texas	9,209	967	1,227
Nebraska	23,360	7,887	8,922
TOTAL	125,672 bu	25,697 bu	29,327 bu
North Dakota	109,672 bu	1,282 bu	7,774 bu
South Dakota	23,816	4,518	6,995
Montana	50,593	3,880	11,090
Minnesota	14,462	1,202	2,396
TOTAL	198,543 bu	10,882 bu	28,255 bu
Other States	168,109 bu	9,003 "	13,193 "
TOTAL U.S.	492,324 bu	45,582 bu	70,775 bu

Farm stocks in the Northwestern States are greatly in excess of a year ago; therefore, the increase in loans could be quite substantial. There is the factor of wet weather to be considered this year, which might have a bearing on the amount of eligible wheat on the farms. However, in any event, it would seem that we have come to almost a levelling-off period in all sections except the spring wheat States

The U. S. Department of Agriculture in its weekly grain review of November 1st, states that early seeded winter wheat is generally up to good stands and making excellent growth except in the Atlantic areas where germination has been spotted because of dryness. In Kansas, the seeding is practically finished except where delayed by wetness in many eastern counties. In Northwestern Texas and Southwestern Oklahoma much seeding is yet to be done due to excessive rains.

(O V E R)

Primary receipts of wheat amounted to 713,000 bu against 777,000 bu last week, and 408,000 bu last year. The visible supply showed a decrease of 1,286,000 bu, and now totals 229,344,000 bu, which is 64,395,000 bu greater than a year ago. Chicago stocks decreased 114,000 bu, and now aggregate 15,531,000 bu. Corn decreased 434,000 bu, leaving a total stock of 9,394,000 bu.

Interest in the wheat market still continues to lag, and possibly will do so until such time as definite decisions are made on pending legislation affecting farm prices. With the lack of news, traders seemed to get their inspiration from the action of other commodities. Wheat prices ruled firm throughout the major portion of the session, although December lagged. At the close December wheat was 1/8¢ per bu lower, while the May was 1/8¢ higher.

Fields throughout the Central and Western part of the corn belt still continue too wet for work to progress very far. The same thing is also true of soybeans, and one authority states that only about 15% of the Illinois soybean crop has been harvested to date.

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CHICAGO .November 4, 1941.

There was very little overnight news to influence our markets one way or the other. It is quite apparent that the German "blitz" on various Russian fronts has died down to some extent, and no doubt seizure of Moscow, Leningrad, or the Caucasian oil fields has not become a reality before winter weather has set in. Therefore,the armies will probably have to entrench themselves more or less during the long cold months ahead. According to the Russian radio, all attempts of the enemy were repulsed, and this was confirmed from London, where it was claimed that the big new German drive on Moscow was being fought to a standstill on its approaches, even though the German High Command was hurling heavy new reserves of men, tanks, and planes into the battle. In order to combat the situation, 200,000 Russian reserves with full equipment for winter fighting have arrived at the capital.

Our market was somewhat lower right after the tap of the bell, and apparently there is still too much confusion in Washington reports for one to have strong convictions on what is to be expected next. The writer just returned from the East, and found that many of the speculators, who in former times were important in carrying hedges, preferred to sit on the sidelines until Washington's price control bills and other legislation become clarified. Possibly too much attention is being paid to these factors, but they have had so much market effect during the past few months that few dare to ignore them. In fact, many now prefer to follow political advices than to place reliance in statistics or the laws of supply and demand.

It seems that great pressure is now being put on the House Banking and Currency Committee to alter that section dealing with farm prices, particularly to drop out any reference to prices that were reached between 1919-29. Nobody, of course, has definite knowledge at this time as to what percentage of parity price might finally be permitted in such legislation, but we can only recall that in the past when no ceilings were in effect, there were just as many occasions when there were bear markets as periods of bull markets. It does not necessarily mean because a stipulated ceiling is in force that prices will be drawn to that level as by a magnet. We still regard the tying-up of grain under the loan as the principal price control factor, since it temporarily limits the supply of goods that are available; therefore, it gives us an artificial price level, at least until such period as the grain is returned to commercial channels.

There was no important pressure anywhere. Northwest receipts were smaller than a week ago, with 329 cars of wheat in Minneapolis and Duluth compared with 391 last week, while a year ago there was a holiday. The Minneapolis market had a good strong undertone, and Montana hard winters were especially wanted; in fact, the basis was unchanged, with high protein wheat selling at the top of the range.

Primary receipts were rather moderate today at 764,000 bu compared with 958,000 bu last week, and a holiday a year ago. Kansas City and Minneapolis stocks so far this week show a net decrease of 85,000 bu.

The private experts forecast a reduction of 4 1/2 million acres for the next winter wheat crop. This, however, had very little influence, as it had been expected, owing to the fact that the government demanded a further contraction, although it was interesting from point of view that nobody could tell exactly what area might be seeded, as there had been some interference in parts of the belt, on account of excessive moisture. The market rallied a little from the low point of the day. The trade was dull, and with elections in the East, all New York markets were closed. There was a further widening in the carrying charge between December and May wheat, and in our opinion this tendency will continue, as we doubt whether the cash demand is sufficiently active in the event of heavy, or even moderate deliveries. At the last December wheat showed a loss of 1/4¢ per bu, while the May future was down the same.

Corn was slightly reactionary, despite the fact that experts on an average reduced the corn crop by about 34 1/2 million bu from Federal figure published in October. It had been thought that some damage might have resulted from too much moisture, but yet the present crop is regarded as a very substantial one, being 284 million bu larger than the ten-year average during 1930-39.

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CHICAGO MERCANTILE EX.

CHICAGO November 5, 1941.

Despite the fact that statistics are being ignored by most traders in trying to determine price relationships, it is just as well to review once in a while the actual situation at hand. Next month, we shall have final crop figures, but these are not expected to vary much from the earlier estimate of 961 million bu for combined winter and spring wheat production: In addition to this we had a carryover of 387 million bu on July 1, 1941; therefore, total supplies amounted to 1,348 million bu. This is about 250 million bu more than was on hand a year ago, and even 100 million bu greater than the record high in 1931. The government still figures that domestic disappearance will amount to about 670 million bu, and with restricted exports, we may have a reserve stock next July of approximately 650 million bu. The latter figure is subject to some change, should we be able to find new outlets for our grain. Today, there is talk that Russia might be in the market for some of our cereals, but it is doubtful whether the quantities will be important, and possibly rye more than wheat will be taken if such a demand springs up. On the other hand, with an acreage reduction under an allotted figure of 55 million acres, compared with 62 million acres the year before, there is the possibility that we shall only raise about sufficient quantities for domestic needs. But still this will not solve our problem unless finally we can get some of the grain out of the country.

The full weight of supplies is not upon the market, and with 170 million bu from the 1940 crop impounded, and 272 million bu tied up from the current crop, there is about 442 million bu of wheat that is temporarily removed from commercial channels. This has been the basis for our having been friendly to the market during recent months. The chances are that at these levels another 50 to 75 million bu of wheat may go under federal loans, thus freezing a still greater quantity than at present.

Our market was firm right from the start. Even the intimation that we might effect some sales to Russia caught the attention of local operators, and with the soybean market very strong, there was a general improvement in the demand. This occurred despite rather bearish figures relating to flour sales, and new lows for the crop were established, according to a dispatch from the Northwestern Miller. In the Southwest volume was only 20% of capacity, compared with 44% the previous week, and 25% a year ago. In the Northwest sales were 16% versus 71% a week earlier, and 38% in 1940. Apparently, quiet markets had kept buyers in a waiting attitude.

The Bureau of Census also issued some figures on the amount of wheat controlled by larger mills, and at the end of September the amount was 215 million bu against 178 million bu a year ago.

Little was heard from Washington with regard to price control legislation, except that the President was conferring with his legislative leaders after returning to Washington, but it is still felt that the Farm Bloc is sufficiently powerful so that curbs will not be too severe in the final drafting of any law.

Primary receipts were moderate at 798,000 bu compared with 1,067,000 bu last week, and 508,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 285,000 bu.

With some wet weather over the belt, soybeans became very strong, but also on a report that the government had bought some soybean flour. This influenced other grains, and the whole list was strong during the entire session. Professional buying was more prominent, and started shortly after the opening bell tapped, with a report that a submarine had been sighted off the coast of Newfoundland. These various factors also ran shorts to cover, with the result that final values were 3 1/8¢ per bu higher for the December future, while the May delivery was up 3¢.

Corn was higher, and the improved sentiment reached this pit, as well as oats and rye; the latter cereal, because of its cheapness, may find new buyers if Russia would actually come into our market for United States grain.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO November 6, 1941.

Sentiment after the close last night was fairly bullish, but overnight developments had a tempering influence. While wet weather continued to be a menace in the bean states, there was some likelihood that clearing conditions would set in, although slowly. The Surplus Marketing Administration has temporarily withdrawn from the soybean flour market, and latest offers were rejected, but in analyzing recent purchases it was found that they have only been in the market in a rather indifferent way.

More important than this is the fact that the administration seems definitely opposed to the price control bill in its present form. Some people in Washington go so far as to believe that the President may even veto it unless other measures are adopted to make final legislation tighter. But in any case, the first move will be an attempt to have the Committee reconsider the bill as a whole before it formally reports it to the House. The present language is considered ineffective. Vice President Wallace also is taking a leading role in attempting to convince farm legislators that they should accept 100% of parity as the ceiling for agricultural commodities, and he has enlisted the support of conservative farm state Congressmen for tolerance, contending that farmers should not be placed in the position of trying to reach for all they can get.

With this news,together with lower prices for securities, there appeared to be some selling when our market opened, although volume of trade was not particularly heavy. Ordinarily, we look toward Southern Hemisphere crop developments for our inspiration at this time, although not the usual attention is being given to these matters owing to the more important political influences. While the recent rains in the Argentine were not sufficient, there was some improvement in conditions, and the trade estimates the crop this year at about 180 million bu, which would be the smallest crop in the last six years, with the exception of 1939, when slightly under 120 million bu was grown. As a partial offset, of course, is the carryover also being the largest during the same period, exclusive of 1939, when reserve stocks were very large. At the present time exports from that country are difficult, and during the past week, wheat and flour shipments were the smallest since February, amounting to only 802,000 bu. The crop outlook in Australia has been fully maintained the past two weeks, during which period rains fell, and that crop will probably yield about 150 million bu, which is large considering the inadequate demand from the Orient and the long haul to European markets.

Whether Russia will finally take supplies from the United States under a heavy subsidy, or will make purchases from Canada, remains to be seen. Since August 1st, total world shipments are about 10 million bu larger than a year ago, and practically the entire increase came from Europe, which no doubt is Britain. Shipments to ex-European nations were only one million bu in excess of those in 1940, and Canada was the one nation which benefited through the slightly increased demand. Despite bad weather for harvesting of the Canadian crop, virtually all the work has been finished, with the possible exception of 5 to 10%. Moreover, wheat deliveries from country points amounted to 95 million bu during the first three months of the crop-year, leaving only about 137 million bu still to come forward. In these calculations, of course, we deducted approximately 65 million bu, which is used for seed, feed, and home requirements.

Primary receipts were smaller at 575,000 bu compared with 813,000 bu last week, and 606,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 393,000 bu.

The market fluctuated within a narrow range. There was no aggressive selling either from longs or from new hedgers, with the result that the close was just 7/8¢ per bu lower for the December future, while May wheat was off 3/4¢.

Corn was in much the same category. The movement from the country will be further delayed now by wet weather, and being one of the wettest falls that we have had in many years, possibly some damage may be sustained, at least to quality. This cereal lost a little ground, but likewise, remains in a very artificial status.

Soybeans covered quite a territory, both up and down. The price is high so that longs become concerned on sharp bulges, but as yet there has been no pressure of importance from the new crop.

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CHICAGO MERCANTILE EX.

CHICAGO November 7, 1941.

Whenever governments resorted to artificial stimuli, they seldom considered the aftermath, but it was these secondary consequences that often threw past programs into the discard. We have in mind the valorization of coffee in Brazil, and the British attempt to maintain rubber prices; also, the more recent Farm Board program, which did not take into account the tremendous accumulations. Even the high loan values have not been fully tested yet, although we shall probably have a new experience when a record carryover of wheat piles up next July, with the government estimating 625 to 650 million bu in the reserve stock, or almost three times the normal.

In looking further ahead, there appears to be the first concern expressed in connection with a high parity proposal, and Vice President Wallace is against the 100% scheme on the grounds that it would make more difficult operations for dairy farmers, meat and poultry producers. These, of course, are some of the products that we have to turn out in our defense effort. While it is perfectly true that grains are selling at prices considerably under present parity ratios, it is also a fact that the finished product in some cases is selling considerably above the so-called parity. For instance, beef cattle is selling at 127% of the October 15th parity; lambs, at 119%; chickens, at 101%; and hogs, 101%. Thus thinking people have concluded that the loan rate on various commodities might be high enough at the 85% rate. Otherwise, it would interfere with the general program of trying to produce foodstuffs in sufficient volume to take care of Britain. Furthermore, if thought through to conclusion, it must be admitted that the payments to farmers who are cooperating with the AAA have had their total returns brought up to parity by the sundry bounties that the producers receive. As Mr. Wallace points out, to raise the loan rate on corn would raise the price of feed pretty sharply, and thus, it would increase the cost of producing milk, eggs, meat, and other foods. He feels that this would hurt the consumer now and farmers later on.

There is very little change in the statistical picture as time passes on. During the first eighteen weeks of the crop season, we have exported less than 7 million bu of wheat and flour. It would, indeed, take a great optimist to hope that the total clearances for the year would be very large, even assuming that some grain was finally shipped to Russia. Thus the situation is entirely different from that which prevailed during the first World War. Canada is doing a better job, and has shipped 49 million bu since August 1st, compared with 32 million bu in 1940. Allowing the same quantity for home consumption as a year ago, they still have 605 million bu of wheat for export and next carryover, or 82 million bu less than a year ago same date. Canadian prices remain more or less in a rut, and with a ceiling placed at 82 3/4¢ for Winnipeg May wheat, there is not the same incentive to make purchases up there.

In this country, the trade is more concerned with next year's acreage. We give below some figures for the four important Southwest States, and while, of course, there has been a reduction which the law compelled from the sown acreage of 1940, the estimates of Murray and Galvin are about in line with the permitted allotment:

	FALL SOWN WHEAT ACREAGE 1940	THIS YEAR'S ALLOTMENT	ESTIMATES FALL 1941	
			MURRAY	GALVIN
			(000 omitted)	
Kansas	12,996 Acres	11,371 Acres	11,177 Acres	11,151 Acres
Oklahoma	4,843	4,004	4,262	4,165
Texas	4,360	3,748	4,186	4,142
Nebraska	3,353	3,146	3,049	3,286
TOTAL	25,552	22,269	22,674	22,744

Primaries were 675,000 bu versus 812,000 bu last week, and 525,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a total decrease of 624,000 bu. When the visible comes out on Monday it will compare with last year's decrease of 1,335,000 bu.

Our market was strong largely influenced by the great strength in soybeans, and further moisture in the bean belt was a factor. However, clearing conditions are setting in. Wheat at the last was 1¢ per bu higher.

Corn was up a fraction in sympathy with the rest of the list. Rye was particularly strong on hopes that there might be some business with Russia, although nothing definite in this connection is in sight.

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CHICAGO November 10, 1941.

Despite greater German activity in Russia, it is still a grave question whether the Germans will launch a big new offensive against Moscow under winter weather conditions, or whether the bulk of their forces may be sent Southward to winter quarters. The trade is not paying too much attention to war news at the moment, although it can never be forgotten that some of the exporting countries may be called upon to make good part of the destruction of grain in Russia, and the temporary loss of the surplus producing capacity of the Ukraine. Others who are bullishly inclined look toward the end of the war as making a vast difference in the distribution of supplies. It was not long ago that Mr. Anthony Eden, speaking before the Allied Council in London, said that the post-war demand from the stricken countries would be so great as to tax the resources of the world to ship sufficient supplies for relief purposes. This, of course, may be a long way off. But even those who feel that possibly temporary help must be rendered Russia still have in mind Stalin's instructions at the outbreak of hostilities with Germany. At that time, he stated that Russia must not leave a single pound of grain for the enemy. He asked that the collective farmers take away all their cattle and place their grain in the care of State organizations to be transported to the rear zone. All valuable materials, including grain which could not be taken away, were to be resolutely destroyed.

We have no means of finding out the exact situation, but doubtless, with the crippled transportation and the need for carrying munitions from one sector to another, some of the foodstuffs must be lost, even though crops had apparently all been harvested. It is almost as risky to venture an opinion as to whether the United States will be called upon to furnish cereals, if, and when, they are wanted. But, regardless of this, we feel that the situation at home is such that finally higher prices will occur, owing to artificial causes, and we see nothing that will prevent further advances through price control or other legislation.

On Saturday, the CCC announced that 295 million bu of wheat had been impounded from the present crop, and allowing for another 170 million bu from the 1940 crop, it means that 465 million bu of wheat is frozen, this being even a larger quantity than had been withdrawn from commercial stocks under the Farm Board era. To say that 23 million bu of wheat had become tied up during the week might not be wholly accurate, as included in the loans are some stocks of crop insurance indemnity wheat and excess quota wheat in Southwestern States that were not reported in previous statements. We note, for instance, that there was an increase of nearly 6 million bu for the Nebraska frozen supplies during the seven-day period, which obviously could not all have been new wheat coming into the federal loan during that short period. The important thing is, however, that farmers have until the end of December to continue these operations, and therefore, we may finally have a rather tight situation.

Primary receipts were a little larger at 832,000 bu compared with 713,000 bu last week, and a holiday last year. When the visible supply was posted it showed a decrease of slightly less than 1 1/2 million bu. Total stocks in all positions are about 228 million bu, or 64 million bu more than was on hand in 1940. Chicago stocks increased a small amount, with 15 1/2 million bu in this market.

Trade was extremely dull, and there was no particular incentive for making new commitments. December wheat was comparatively firm, but we are still inclined to think there will be heavy deliveries next month, and the carrying charge may yet widen considerably. At the last the nearby future was 1/4¢ per bu higher, while the May wheat was 1/8¢ up.

Corn was likewise indifferent, and the fact that the CCC had advanced its asking price 1¢ per bu had no influence, as ruling prices are considerably under their figure. There was a fair decrease in the visible supply, but most traders recognize that the delayed movement is unimportant, and with better weather receipts to terminals could easily pick up.

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CHICAGO MERCANTILE EX.

CHICAGO November 12, 1941

While Armistice Day was observed in North America, Berlin admitted rather frankly that German forces had made virtually no advance on the main Russian front. British reports claimed that the Nazi military machine had bogged down and that Germany had suffered the first setback since it started to roll over Europe in September 1939. Mr. Churchill, who had never indulged in exaggerations nor maximized British defense operations, has become rather optimistic in his views, claiming that Hitler had failed to bring Britain to her knees through a starvation blockade, and thus might be forced into attempting invasion as soon as he could screw up his courage and make arrangements for the plunge.

Our market was influenced more by domestic developments than events abroad, and with the late issuance of the government report last Monday, it brought to mind that food and feedstuffs were very plentiful in this country. An increase of 50 million bu in the corn estimate, together with a sizeable carryover reserve, gives us the largest total supply of record. The same situation relates to wheat, while the barley, sorghum, and soybean crops have yielded better than at any time in history. Thus, the farmer, receiving high prices, is in a favored position at this time, particularly when it is considered that he probably receives more by way of bounties and extra payments than he is compelled to pay out in taxes. Also, he is able to take out his own living for necessary food supplies before he even figures income tax, and is granted a refund on gasoline taxes not enjoyed by other citizens. It is, of course, true that prices have responded to the artificial influences which have been at work for months, and though total wheat supplies are of record proportions, nearly one-half billion bu is frozen under the federal loan. Therefore, all available stocks are not pressing upon the market, as would otherwise be the case. Nevertheless, we have not yet eaten sufficiently into our reserve to create the same bullish picture which may be encountered later on, and with some liquidation this morning, prices reacted sharply under the leadership of soybeans, the latter commodity also being influenced by the government report and the return of clearing weather, which will bring the movement closer to hand.

Southern Hemisphere crops must soon be dealt with, but as Broomhall points out, it is a curious fact that, despite their unfavorable geographical position and the absence of shipping space, both Australia and Argentina have probably cleared a larger percentage of their wheat surplus than either Canada or the United States. North America has harvested three fairly good crops in successive years, resulting in the accumulation of heavy and temporarily unsaleable reserves.This, of course, is a reversal of the war experience of 1914-18; when consistently good harvests took place in Southern Hemisphere, while the United States and Canada were barely able to produce enough wheat to keep the allied nations supplied at all times in sufficient measure to insure victory.

Primaries over the holiday were 1,167,000 bu compared with 798,000 bu last week and 403,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 112,000 bu.

Volume of trade was not large, but stop-loss orders were uncovered, with apparently very few shorts to lend support. When soybeans declined to the full permissible 6¢ limit, locals assumed a rather bearish attitude, and some were afraid that wheat prices might also decline to a point where they would be locked in overnight, but evidently sufficient support developed to give us a good rally. Flour sales continue disappointing, and in some sections business is almost at a standstill. So many buyers have bought ahead that even sharp breaks fail to stimulate further business. Southwestern mills during the past week sold 24% of their capacity, while spring wheat mills had a volume of only 16% against 160% a year before.

At the last December wheat was 2 1/4¢ per bu lower, while the May future declined 2 1/8¢.

The corn trade followed more or less the pattern of wheat. Influenced by the bearish government report, there was some liquidation right from the start, although in this cereal there was also a good recovery from the extreme lows, but no spirited buying was in evidence.

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CHICAGO MERCANTILE EX.

CHICAGO November 13th, 1941

Price control legislation continues to make slow progress, but every once in a while, those fearful of an inflationary spiral urge great caution by way of ceiling prices both for labor and for agriculture. The head of the American Farm Bureau Federation has taken this stand for sometime past, claiming that both labor and agriculture must yield some of their rights in the present defense program. O'Neal's idea is that a ceiling of 110% of parity should be fixed. Close students of economics point out that more than two-thirds of the increase in the cost of living since the war started has been due to higher food prices. Labor is making this increase a basis for new wage demands, which naturally might be pressed harder if the upward movement should continue. According to the Department of Agriculture, cash income of farmers, including government payments, is estimated this year at $11.2 billion, bringing it back to the 1929 level; and for next year the estimate is $13 billion. Every farm dollar now has a purchasing power equivalent to $1.15 in 1929, according to the official index of prices of things which farmers buy. Without a doubt, farm purchasing power is already the highest in the country's history by a substantial margin.

When our market opened this morning, there was very little additional news. Clear weather was reported almost everywhere, and this had a somewhat bearish influence upon soybeans, but the general cereal list was little influenced by this incident.

The statistical picture is not changing much from one week to the next, owing to the fact that the size of the crop and carryover is well established, and furthermore, our exports are making very little headway. During a period of nineteen weeks, we have shipped less than 7 million bu of wheat and flour, and allowing for domestic utilization of, say 670 million bu, we have at the present time available for export or next carryover 671 million bu of wheat to deal with. This, of course, can lead only to the conclusion that the reserve stock next July will be by far the largest ever attained. Canada continues to do a fairly satisfactory job, having cleared 52 1/2 million bu of wheat and flour since August 1st, or 18 million bu more than last year. The wheat crop estimate just released from Ottawa places total production at 302 million bu, which is the lowest since 1937. In spite of this situation, there is still some 600 million bu of wheat left for export and next carryover. This, together with ceiling prices, keeps the Winnipeg market in a rut, with speculation at low ebb.

Despite unfavorable weather experienced in the corn and bean belts, with some delays and loss reported, the picture remains fairly bright. Illinois, for instance, is expected to produce 404 million bu of corn, compared with 332 million bu last year. This would mean a yield of 53 bu per acre, or the largest on record, while soybeans may yield 22.5 bu-- also a very fine crop. Just from a cursory glance at the last corn figures by States, Ohio, Indiana, Minnesota, Iowa, Nebraska, and Kansas are all raising larger crops than in 1940.

Primary receipts made a comparatively good showing. They amounted to 882,000 bu vs. 575,000 bu last week, and 258,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 157,000 bu.

Trade was rather inactive, and there was no feature whatsoever, although late in the session when soybeans rallied from the low point of the day, there was a little improved sentiment all around, and wheat prices also recovered from early lows, with the result that the December future closed 3/4¢ per bu higher, while the May wheat was up 3/8¢.

Corn was quite indifferent, and there were various state reports, all expressing optimistic ideas as to the final outcome of the crop. At the same time pastures are good, and this is always a tremendous influence in feeding, but the fact of the matter is that large quantities will be impounded owing to the artificially high loan price prevailing. Consequently, the full weight of supplies will not be felt, and thus the situation in this respect is very similar to that in wheat.

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CHICAGO MERCANTILE EX.

CHICAGO

November 14, 1941.

There was very little grain news overnight, but the market took its cue from slightly higher securities prices, which in turn were up on revision of the Neutrality Act. There has also been a slightly better sentiment in business generally, owing to the fact that labor disputes may probably be settled in a satisfactory manner, which, of course, is imperative with the defense program paramount. While the Price Control Bill at Washington has hit several snags, it is now destined to go back to the House Committee on Banking and Currency, apparently for the purpose of being tightened up. Consideration may now be given to a ceiling on farm prices at 110%, and this undoubtedly was the reason for curbing some of the bullish enthusiasm in grains, although we are still a long way from such a price level.

In most years we derive some incentive from the Winnipeg market, but at the moment quotations are in such a rut that there is hardly any news which affects them. Recently, Canadian export business has been of fairly good size, the United Kingdom, of course, being the best taker, while we apparently are withholding our surpluses. Other countries are doing a little business, and even Argentina has done very well, despite the fact that there is still a surplus of some 95 million bu of wheat in that country. By peace-time standards, her exports might not be considered large; but yet, in clearing wheat at the rate of 50% of her available supplies, she has actually done relatively better than either Canada or the United States. It is still somewhat of a mystery as to what is taking place in Australia. The new crop may yield about 150 to 160 million bu, although there has been a great deal of irregularity, but in any case, it promises to be a good outturn, while last year that country harvested only 83 million bu. We have had practically no advices as to shipments since the 1st of January, nor have the sales been published, and yet several authorities feel that old supplies are not burdensome. Nevertheless, with a fair surplus soon on hand over and above home requirements, we feel that this country, with a relatively small population, will make every effort to re-enter the export market as best she can.

Primary receipts were fairly good at 877,000 bu compared with 675,000 bu last week, and 451,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 349,000 bu. When the visible supply is published on Monday, it may show a moderate shrinkage; last year the decrease amounted to 1,604,000 bu.

There is some reason for feeling a little discouraged if the government should finally be granted the power under the Price Control Bill to buy and sell commodities, even though this would be for the sole purpose of stabilizing prices. In other words, it is a further step from orthodox economics, as the real function of any market is to set a price which will coordinate production and consumption. Such a price is called an "equilibrium", or a fair price, but if finally we have nothing but artificiality it can lead only to further building up of unnecessary surpluses. Whenever we ignore demand for the mere purpose of obtaining better prices, secondary results are often bad. The law of supply and demand is always operative, although it operates through human agents, some of whom are weak and some of whom are powerful. Should price-fixing be attempted by government activity, the law of supply and demand would necessarily be followed as closely as possible, unless consumers should be rationed. To ration consumers in peace-time would be a tacit recognition of the law of supply and demand.

Trade was only fairly active, but there was a good undertone, and with soybeans up sharply, despite good weather, it lent some encouragement to those in other pits. Final prices showed a rise of 3/8¢ per bu for the December future, while May wheat advanced the same.

Corn continued reactionary, and of course, the movement is still ahead. According to statements from individual corn States, damage from excessive moisture was unimportant. While there may be a restricted movement, it is still likely that many people will wait until the first pressure subsides before taking an aggressive stand.

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CHICAGO MERCANTILE EX.

CHICAGO November 17, 1941.

The providence of Nature is again being demonstrated. After several years of drought, soil moisture has again been replenished, and in fully half a dozen States, the rainfall in September and October was the heaviest on record for those two months taken together. In fact, over considerable areas from Illinois to Texas, rainfall in October ranged from eight inches upward. Many had feared that this might impede fall work and that, therefore, a saturated soil condition might prevent further seeding. Much of the intended acreage is still unseeded in Missouri, and only a small percentage has been accomplished in parts of Illinois; but with almost summer temperatures prevailing, and the possibility that the thermometer may reach 80 degrees Fahrenheit in the Southwest, the situation is bright, and we believe that farmers will be able to sow their full allotments. Whenever there is ample moisture, it practically assures prosperity for agriculture.

Crop yields in this country as a whole are still expected to average about the best on record this year, and we are not thinking solely of grains when we make this statement. Estimates of vegetables grown for canning and processing show new high records for corn, peas, and tomatoes, and a total for major varieties that is more than 20% above previous records. This increase more than offsets the small decrease shown in the production of commercial vegetables and truck crops which are grown for market. It is a little early yet to make positive statements, but even with the shortage of labor and reduced acreage, present indications are that crop production will be close to top records, so that we shall have an unusually large tonnage of food grains, beans, peas, and peanuts, plus about average production of potatoes, sugar, and syrup crops.

With the continuation of clear weather, soybeans were considerably lower at the opening this morning, and this had a temporary influence upon other commodities. No figure was issued this week by the CCC indicating the quantity of wheat impounded for the past seven-day period, but undoubtedly a large quantity at present price levels has again been frozen. Otherwise, there seems to be little news. World grain shipments, exclusive of Australia, amounted to 5 1/4 million bu, or practically the same as last year. Most authorities believe that foreign imports will not vary much from the previous season, but with the good surpluses in exporting countries, even an improved demand from Russia or from possible other sources would not be important.

Primary receipts were about 1 million bu compared with 832,000 bu last week, and only 378,000 bu last year. When the visible supply was posted it showed a decrease of 1,154,000 bu, which is not much at this season of the year. Total stocks in all positions are 226 3/4 million bu, which is nearly 65 million bu more than was on hand in 1940. Little change took place in Chicago with 15 1/2 million bu still at this market.

Trade was rather dull; possibly a little better than on Saturday when only 7 million bu were transacted in the wheat pit. After early liquidation a better undertone was noted, with the December future rising 3/8¢ per bu, while the May future advanced 5/8¢ per bu. We still look for the carrying charge to widen, as elevators need not be afraid to lose their wheat with the bean and corn movement still to come.

Corn also recovered from the low point of the day, but was off fractionally at the last. Many people are still talking about the big yields; in Illinois, for instance, 87% of the total acreage was planted with Hybrid seed; this produced record yields, and apparently the outturn was equally surprising in other important corn States with the acreage cut considerably under the normal.

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CHICAGO MERCANTILE EX.

CHICAGO November 18, 1941.

Of primary importance was the overnight statement, issued by the Department of Agriculture, showing the CCC loans made during the week. There was an increase of 10 million bu in the impoundings, and as of November 8th, there is a total of 305 million bu wheat frozen from the 1941 crop. When we add to this figure the amount tied up last year: namely, 170 million bu, we find that at the present time there is 475 million bu of wheat that has been withdrawn from the regular commercial channels. Speculating further as to how much more wheat may go under the federal loan between now and end of December, we estimate that probably 60 million bu might become so impounded, which would bring the grand total up to 535 million bu. We started the crop-year on July 1, 1941 with total supplies of 1,348 million bu. This was a record for all time, and certainly is an amazing amount of wheat for the United States to have on hand, but, of course, one's judgment must be tempered when taking out the quantities that are not pressing on the market. Thus, we find that we shall be dealing with only about 813 million bu exclusive of what may be redeemed. The chances are that our domestic utilization, plus small exports, may account for 700 million bu; therefore, next July, the quantity of wheat in the hands of the public will be very small. This leads us to the conclusion that the price may finally have to advance far enough so that some redemptions will take place.

Our market today responded slightly to the publication of the loan figures. Otherwise, there was nothing much new in the situation, except that Washington is still experimenting with the fate of the farmers in relation to their income. One bill that may soon be pending plans to give the producer parity through a formula established by computing the amount received through loans, plus the benefit payments. The sponsors of this legislation think that the farmers would thus be assured of the proper rate on their crops, even if soil conservation and parity payments might be reduced through the cutting of non-defense expenditures. In other words, should this occur, the loans would automatically be advanced, but again, there is no thought given to the possibility of further accumulations and the ultimate outcome should we fail to some day have crop reverses.

Little attention was paid to a report that Britain had purchased 120 million bu of Canadian wheat. The transaction was made between the British government and the Canadian Wheat Board, and in our opinion is simply a book entry. No statement on prices was published, but we presume it simply means that Canada will continue to furnish the bulk of Britain's requirements. Since the Canadian crop and carryover last August amounted to 782 million bu, and assuming domestic disappearance in that country of 130 million bu, they should have no difficulty in furnishing tremendous quantities, taking into account that some shipments might be made later on to Russia. The latter might be more serious next year, as Nazi operations in Southern Russia constitute a serious threat to the North Caucasus, this being one of the richest agricultural regions of the Soviet Union, nearly equal in size to Iowa and Kansas combined. Considerable wheat and barley surpluses, and various oil seed and other industrial crops are generally produced in this region. This in spite of the fact that the North Caucasus is largely mountainous.

Primary receipts were moderately large at 720,000 bu compared with a holiday last week, and 350,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of only 68,000 bu.

There was no feature whatsoever to the market, but with so many artificial stimuli at work the public is reluctant in making commitments, as would otherwise be the case, and there is not the usual freedom nor independence expressed in day to day quotations. Generally speaking, new pressure is light, although we are making very slow inroad into the accumulated supplies, and we fear that new incentives are needed to stamp out the paralysis which exists. At the last, December wheat was unchanged, while the May delivery rose 1/8¢ per bu.

Corn continued indifferent, although yesterday in a slow trade, the volume was about half as large as in wheat. This does not mean much since there were only 6 million bu of wheat traded for all three futures yesterday --almost the lowest of record.

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CHICAGO MERCANTILE EX.

CHICAGO November 19, 1941.

The administration's price control program faces its severest test during the coming months. The proponents of control legislation expect to gain a special rule by the end of this week to expedite consideration of the measure. However, no speedy final action is anticipated.

The Bureau of Agricultural Economics looks for a continued upward tendency in commodity prices but forecasts that the rate will be much more moderate than during most of 1941, when demand conditions were improving rapidly and the effects of a revision in the farm program and development of the food-for-defense program were important factors. Secretary of Agriculture Wickard, addressing a meeting yesterday, stated that the combined British and American needs for animal protein foods, meat, dairy products, and eggs, is far greater than the production of the United States in any ordinary year. He further commented that the national goal for farm products in 1942 calls for more of these foods and more of vegetable and oil crops, although an attempt will be made to hold down production of wheat, cotton, and tobacco. Naturally during the present emergency every effort will be made to increase the production of those commodities which are considered essential to the United States and the Democratic countries. In case hostilities should cease, it does not take much of a stretch of imagination to visualize large supplies being sent under one arrangement or another to the present occupied countries, whose suffering is being intensified. However, what final adjustments will be necessary in agriculture are a little more difficult to forecast. One major item will be the future of British agriculture after the war. There will undoubtedly be a strong movement to maintain a large part of the increased level in domestic agricultural production which the war has stimulated in that country. In pre-war years, England accounted for about 50% of the imports of wheat to Europe. Should she attempt to be more self-sustaining, it would reduce her former volume of imports of agricultural products from overseas and might cause some rather heavy dislocations in exporting countries.

In our letter of yesterday, we mentioned the probable increased impoundings of 60 million bu of wheat to go into the loan in addition to the total of 305 million bu already reported as of November 8th. Last year the increase for the corresponding period was 35 million bu. The last week reported showed an increase of 10 million bu. In 1940, similar period, there was an increase of 8 million bu, followed by several weeks of increases around 7 million bu. These then tapered off to around a couple of million bu a week until the final three weeks, when figures were slightly raised. The total impoundings in 1940 were 278 million bu. We find rather the same pattern in 1939, when total impoundings were 167 million bu. From about November 8th until final figures were released, the loans increased a total of 16 million bu.

An item of major interest to the trade today was the announcement of the new corn loan prices for the present crop. The loan on the farm this year is set for individual counties. The Illinois price runs from 74 to 79¢, with the Central Illinois counties around 74 to 75¢, suggesting a price at Chicago in the neighborhood of 84¢. The Indiana price runs from 74 to 79¢; Iowa from 70 to 76¢. The general average of the loan price through the commercial area is 74.8¢ a bu compared with the flat rate last year of 61¢. The loans will be available up to September 30th of next year, and can be made for a period of three years. The CCC further announced that the price at which it would sell its present holdings will be revised upwards to the level of the new loan rates.

Although there was some further moisture through the Southwest, the drier weather of the past week has permitted fall work to proceed rather rapidly. We have one advice from Amarillo stating that wheat seeding is being completed right along, and that subsoil moisture could not be better. That territory had about thirty-six inches of rainfall so far this year against a normal of about twenty-one inches.

(O V E R)

Primary receipts were 754,000 bu vs. 1,167,000 bu last week and 500,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 134,000 bu.

Interest in wheat is lagging considerably at the moment, and trade is down to rather small proportions. Transactions in the wheat pit yesterday were only 5,686,000 bu, and the total trade in all cereals amounted to only 13,600,000 bu. Higher bean quotations were registered at the opening, as the weather prediction indicates further moisture throughout the belt over the Thanksgiving holiday, although there are many who believe that the rains will be of short duration. Wheat responded to the strength in beans, but advances were not maintained and at the close both December and May were unchanged.

Due to the new loan price the feeling toward corn continues to be friendly. Temporarily the movement of the new crop may cause some pressure and on advances there may be a tendency for producers to clean up their old supplies in order to make room so they can apply for the new loan.

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CHICAGO MERCANTILE EX.

CHICAGO November 21, 1941.

Various war measures have changed the grain picture so vastly that it is difficult for many traders to try to discount future events. Hardly had hostilities started when the Liverpool market was forced to close. Soon thereafter, shipments to Axis countries ceased for all practical purposes, and later on this spread to the Low Countries and to other occupied nations. Trading in Winnipeg continues, but on a greatly restricted basis, with minimum prices prevailing and a ceiling not far above. Therefore, speculators have been greatly discouraged, while the cash business is being conducted mostly by the government from Ottawa. Just recently in a surprise decree, futures trading was suspended in the Argentine for wheat and linseed, and there is considerable difficulty in reducing surpluses compared with normal times. Various experiments have taken place in Australia, with rather indifferent success, while in this country legislators are trying to give farmers a mortgage on prosperity, with the newest legislation aiming to guarantee 100% of parity to producers in one form or another. The House Agricultural Committee is now willing to have a sliding scale for parity loans, dependent upon the other cash grants which are in force, but they seem determined that a full parity price will result, so that the same purchasing power in terms of non-farm goods will prevail. The new bill if finally enacted into law will continue the crop loan program for three years, and thus, we may have artificial influences for a long time to come.

Southern Hemisphere developments show no great change during the past week. The preliminary estimate for the Argentine places the wheat crop at 184 million bu, but with the carryover of 110 million bu, total supplies should amount to 294 million bu, which is 20 million bu more than the previous year. In Australia, improvement has taken place, and the yield is expected to approximate 166 million bu, while last year only 84 million bu was raised, which, of course, was a failure.

Canada continues to export rather heavily, with 59 million bu cleared since August 1st, or about 20 million bu more than in 1940. Possibly some shipments will be made now to Russia. Total supplies in that country are 591 million bu, which is still an enormous quantity of wheat, although a reduction of 90 million bu from the amount that was on hand a year ago. We are making virtually no headway in the United States, having shipped only 7 million bu of wheat and flour since last July, or for a period of 20 weeks; and even with the subsidy, the foreign demand is of small proportions. Total world shipments are slightly larger than the previous season; European countries (and we presume that this is largely Britain), took 6 million bu more, while ex-Europe since August 1st took 2 million bu more. Thus, we are assured of a rather small figure for total world shipments during the current season.

Primary receipts over the holiday amounted to 1,144,000 bu, compared with 877,000 bu last week, and 584,000 last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 227,000 bu. When the visible supply is posted on Monday, there may be a slightly larger shrinkage owing to the transferring of supplies prior to close of navigation. A year ago the decrease was nearly 3 1/2 million bu.

The market was again dull, and nobody seems to venture far from shore. There is still no great headway on the Price Control Bill; only Baruch and a few others are still asking for drastic controls to check inflation, but it is common knowledge that unless wages and agricultural products are seriously taken into account, this legislation cannot prove effective. As many point out, there is too much legislative horse trading, and therefore, some compromise bill may be presented next week. Even the bean market , which has given some inspiration to traders in other pits, lacks definite trend; clear, cold weather is indicated by our own weather man for the Central States, although the official forecast is less optimistic.

Wheat finally scored a decline of 1/4¢ per bu for the December delivery; the nearby month seems to be losing a little ground as compared to May, which declined 1/8¢ per bu.

Corn held steady, and now that the loans, which were long awaited, have been announced, nobody has firm convictions, although this artificial stimulus undoubtedly will tie up large quantities again.

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CHICAGO MERCANTILE EX.

CHICAGO November 24, 1941.

It is difficult to have a clear concept of what we are really spending for our national defense, as well as for non-essential purposes, when the figures immediately run into the billions. However, when the rearmament program is measured in terms of the average family, it will represent a cost this year of about $515 per family, Various committees are investigating methods of reducing appropriations for non-defense, and we could no doubt slash expenditures by $2 billion, which would amount to more than $75 per family, but this would involve cutting some farm subsidies, and, therefore, it is doubtful whether the plan will ever be consummated. Nobody has any idea of what it really costs the government to carry out the agricultural program. Salaries alone of the various agencies must be enormous, although these are seldom cited, and about the only figures which we receive are those in connection with soil conservation, acreage reduction, and other bounties. Of course, there have been no inventory losses yet, as was the case under the Farm Board Scheme, owing to the fact that parity prices have been raised every year, and we have not yet taken losses which may finally develop through the building up of excessive reserves. Last year, although little attention was paid to it, the crop insurance for wheat also showed a loss, as the Corporation paid insured farmers 17 3/4 million bu of wheat in indemnities, while collecting only 14 million bu.

When our market opened there was very little news, except that an additional 7 3/4 million bu of wheat became impounded during the week, making total frozen supplies from the 1941 stock nearly 313 million bu. The largest increases were in North Dakota and Montana, where about 4 1/2 million bu were tied up; elsewhere the quantities were pretty well scattered.

There had been considerable moisture over the belt, although followed by much colder weather. Soybeans opened higher, and this lent some support to wheat, although the volume of trade was again small, and we observe that on Saturday only 4 1/4 million bu of wheat were traded in the whole pit.

Winnipeg prices were again higher on the hope that ceilings might be raised above 82 3/4¢ for the May delivery, as certainly by any standards, a price, especially during wartime, in the neighborhood of 80¢ per bu for #1 northern wheat at the head of the lakes is a very low figure, the more so when taking off 10% for Canadian exchange. In only five years out of the 20 which elapsed between the two wars, was the average price for the crop year below this figure.

As for our own price control bill, little headway was reported, although Dr. Carothers, and economist with experience in the banking business, stated, "Any proposal to stop the rise of prices by statute which would exempt wage and agricultural prices was simply too foolish to justify intelligent consideration."

Primary receipts were just moderate at 719,000 bu vs 1,001,000 bu last week, and 400,000 bu last year. The visible supply showed a decrease of 1,519,000 bu, which was not large considering that this is just prior to close of navigation, when ordinarily there is a good deal of shifting from one point to another. The visible supply of 225 million bu in all positions, is 66 3/4 million bu larger than in 1940. Chicago stocks were a standoff with 15 1/2 million bu at this market.

There was no particular pressure in any of the pits, although December liquidation is now a factor, with speculators apparently going into the more deferred months. This was especially true in rye, wheat, and oats, and we would not be at all surprised to see carrying charges widen further. Several boats which presumably were bringing rye and wheat from Duluth to this market, have arrived, with more to come. While this was not particularly depressing upon values, it did prevent much enthusiasm on the constructive side of the market, and at the last December wheat showed a decline of 1/2¢ per bu, while the May future was down the same.

Corn was a shade easier, but there was no particular news to influence prices. We expect to see better receipts from the country if weather remains clear. However, the high loan will prevent anything like a normal movement to terminals. Corn pickers have been active, and cribs which were emptied during the summer and early fall are beginning to fill up with the new crop.

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CHICAGO MERCANTILE EX.

CHICAGO November 25, 1941.

Further discussions relating to the Price Control Bill have taken place at Washington, but until the legislative maneuvers have come to an end, nobody can state for sure how it will influence agricultural products.

There was very little grain news, but the trade is impressed now with the moderate liquidation of December contracts, and this was responsible yesterday for minor losses which took place. Today's session was characterized by about the same type of orders.

Ordinarily at this time of year, considerable attention would be paid to developments in the Southern Hemisphere, particularly with the binders now humming in the wheat fields of New South Wales and harvesting gradually taking place in the northern sections of Argentina, However, these are not normal times and the commodity markets of the world are registering their appraisal not of crop prospects, but rather of artificial stimuli, which seem in evidence in every country where wheat is grown. Furthermore, the new harvest in Argentina and Australia loses its significance against the background of near record supplies in North America. We doubt whether there was ever a period in the early part of December when there was so much wheat in the country as at the present time, and although total stocks in Canada have been reduced somewhat from the quantity that was on hand a year ago at this time, it is a fact that the visible supply of nearly 504 million bu reached on November 17th was the largest of record. Therefore, there cannot be much available elevator space, even though exports are at a slightly higher rate than for the previous season. There was some talk recently that we might try to interest some of the South American countries in wheat or flour under a subsidy plan, but we also note that a deal is now being negotiated between the Argentine government and Bolivia, which would provide a new market for about 3 million bu of Argentine wheat. Furthermore, the Argentine will have to rely largely upon neighboring South American countries this year for her exports, inasmuch as the foreign demand has been pretty well cut off, with the possible exception of Spain and the United Kingdom, plus sundry purchases from small non-warring countries. During the past fifteen weeks, the Argentine exported something less than 22 million bu, which was a reduction not only from the previous year, but compared with 53 million bu two years ago. Thus, it can be seen that she must get busy, otherwise her supplies will pile up at an unprecedented rate.

We are not getting much information these days regarding European crop progress. According to Canadian D.B.S., increased grain acreage was planned for a number of countries, including the United Kingdom, but early freezing may prevent that objective from being reached. The largest speculation is about the Russian position, particularly with respect to that territory lost in the Ukraine. Some authorities believe that between 25 and 30% of the total U.S.S. R. wheat crop was raised in that area, although these figures are probably too high. We do know, however, that there is no food shortage in the Soviet Union as yet, but it is believed that a large part of the 1941 crop was saved by the Russians before their lands were invaded.

Primary receipts were a little larger at 1,031,000 bu compared with 720,000 bu last week, and 456,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 56,000 bu.

There was absolutely no feature to our market, although milling demand is very dull, and no immediate pick-up in this business is expected until possibly after the turn of the year. Yesterday the volume of trading in the wheat pit for all three futures was less than 6 million bu, including the changes from one month to the other, and we doubt whether today's business was any better, Both speculators and hedgers seem willing at about present differences to put their commitments into the more deferred futures, and we observe that the December wheat interest has been reduced to about 16 million bu. At the last, the nearby month showed a decline of 7/8¢ per bu, while the May wheat was off 5/8¢.

Corn was a dull affair, but the weather is satisfactory, and with somewhat lower prices for both wheat and soybeans, the yellow cereal lagged. This cereal is also suffering from a rather indifferent demand.

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CHICAGO MERCANTILE EX.

CHICAGO November 26, 1941.

Clear weather was reported in practically all parts of the country, with temperatures becoming milder, and this had a bearish influence upon the soybean market, with other grains sympathising to some extent. More progress was made in December liquidation, which must have had a slightly depressing influence also, but at these differences for wheat, corn, and rye hedgers seem rather willihg to also change over to the more deferred months.

It is not too easy to get completely accurate data on the world's wheat figures owing to the fact that many countries have not released official crop statistics since the outbreak of the war. According to information received in the office of Foreign Agricultural Relations, we can, however, get a fairly good picture of conditions under the circumstances. Despite sharp acreage reductions in this country and in Canada, the total area of wheat amounted this season to 408 million acres, which compares with 406.4 million the season before. Most of the increase occurred in Europe, particularly in the British Isles, where everything was done to stimulate production, although some expansion also has taken place on all continents with the exception of North America. The total world wheat crop yielded about 6,020 million bu, which was just a trifle less than in the 1940-41 season, but this is still subject to some revision, in the event Southern Hemisphere outturns should be larger than now expected. In any case, there are no great shortages anywhere except in some of the occupied Axis countries, where imports are next to impossible, and therefore, thesurplus countries will find another year when it is difficult to get much of their grain into exporting channels. There might be some hope if conditions were normal of sending larger supplies to the Orient, where reduced rice supplies might necessitate the substitution of wheat, but there is such strict control exercised by Japan; furthermore, the matter of exchange is not at all simple. Therefore, it is doubtful whether shipments to China, Manchuria, or the Japanese Empire will amount to so very much during the current season.

Australia generally figures pretty well in Oriental business when it exists, and it is rather difficult to find out just what is going on, although we do have figures on their visible supply, which at the middle of November was placed at 31 million bu compared with 63 million a year ago. Wheat harvesting has now extended in all early districts, and the quality is reported as excellent. The government has taken rather stringent measures with plans for the removal of farmers from marginal areas, and when the program is completed wheat will only be a sideline crop in these districts. Half of the wheat growers will have been transferred from the marginal districts, and the remainder will carry on with larger holdings devoted mainly to farming of other products.

Our market was extremely dull. Flour business was still quiet, with nothing of importance reported either domestically or internationally. Despite this, a slight improvement was noted in the Northwest, where spring wheat mills this week sold 30% of capacity against 20% the previous week, and 37% a year ago. In the Southwest, bookings were only 23% vs. 28% a week earlier and 30% in 1940.

Primary receipts were smaller at 638,000 bu compared with 754,000 bu last week, but only 250,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 119,000 bu.

There was never any pressure of importance, although more or less liquidation of December wheat, and it appears as though the trade were awaiting new buying incentives before making additional commitments. At the last, the nearby future showed a decline of 7/8¢ per bu, while the May wheat was down 1/2¢. The carrying charge was the widest on the crop.

Corn was completely indifferent; artificial stimuli prevent sharp breaks from taking place, but on the other hand trying to build up trade on a foundation which depends so largely upon government action is not an easy matter.

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CHICAGO MERCANTILE EX.

CHICAGO November 27, 1 941.

Clear and mild weather prevailed over practically all districts, and the forecast was for a continuation of this condition. This might have given us slightly lower prices again for corn and soybeans, particularly with December liquidation still in progress, but the trade assumed a slightly bullish attitude owing to the fact that price control legislation had met staggering defeat yesterday in its first real test. That there is opposition to price legislation and ceilings is quite evident from the vote, but we have contended right along that lack of a ceiling price is no particular signal for a bull market, which is best understood by those who have watched markets for the past fifty years, when prices were more or less let alone and were able to discount ordinary supply and demand factors.

There have been two elements of prime importance during the past year, and it was always a question as to which one would prove paramount in deciding the price level for wheat. We refer first to the excellent moisture which prevailed, and which, despite acreage reduction, gave us one of the best crops in history. This, together with a near record carryover, furnished the largest supply of wheat last July that the country had ever attained. However, the other factor prevented low levels of prices from being established, and reference is now made to the artificially high loan which gave the farmer nearly one dollar per bu on his farm. Thus, the impoundings have continued at an unprecedented rate. It is our own thought that, with cash wheat again below these loan levels, there can be no appreciable pressure upon the market. Therefore, the freezing process will probably continue as long as it is permissible, or in other words, until end of December. Whether we shall experience much tightness before the spring of the year remains a question, as consumption is just going along from hand to mouth, and, therefore, there is still seven months of domestic requirements ahead, with a considerable quantity of free wheat still available to millers and processors.

In today's liquidation of the nearby delivery, a considerable number of traders went right into July, which carried the spread between those two months to the widest difference on the crop. It has been our contention for a long while that July wheat would probably sell at a carrying charge over the May, with the prospect of carrying over something like 625 million bu of wheat next July. In the ten-year period, 1931-40, the carryover of wheat averaged about 230 million bu. Consequently, we expect to see many of the warehouses pretty well filled before a new crop is available. This is especially true because of the corn situation, with total supplies on November 1st amounting to about 3,307 million bu. This is the largest since 1921, and about 589 million bu above the five-year average. Of course, extra feeding in connection with the government's hog and dairy program may cause some inroads into these supplies; but, nevertheless, we are dealing with unusually high figures in both commodities.

Primary receipts were smaller at 564,000 bu; last week there was a holiday; a year ago they amounted to 378,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 158,000 bu.

The CEA asked for further control over the soybean market, and commented that more than half of both long and short commitments were held by speculative accounts. If the balance of the open interest is largely for hedgers, it is a very substantial percentage, and again would be ample reason for believing that our Exchange were performing a real function for the producer and consumer alike. Naturally, a speculative interest is necessary in order to permit a liquid market at all times. There was a little more firmness displayed in all pits; possibly confidence will be restored in wheat with prices close to loan levels. At the last, the December future was up 5/8¢ per bu, while May wheat rose the same.

Corn was without particular feature; statistics are rather bearish, but the movement to terminals is naturally held back because of artificial influences in connection with the loan.

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CHICAGO November 28, 1941.

The European war is hardly mentioned these days as a market factor in wheat, or for that matter, in any of the other grains. When we consider that we are now in the third year of this great war, it is certainly a different condition from what took place in 1917, which was a comparable period from point of view of the length of hostilities. At that time futures both in Chicago and Winnipeg went up to about $3.00 a bu, and finally trading in wheat futures terminated at the end of August of that year. The price of wheat in the United States was then fixed at around $2.20 a bu minimum, while now at Washington, through the various price control measures, they are talking of maximum prices for Chicago wheat at possibly $1.50 a bu, or even less. Those who made purchases on the theory that history would repeat itself may have made money, but as we say in this business, "They were right on the market for the wrong reasons." The greatest help, of course, came from the artificial influence of the high loan, which has frozen more wheat than any other legislative measure that was ever attempted. The curtain, however, has not yet fallen upon the final phase of the drama, and much will depend upon future events, as to whether or not we shall eventually be able to make sufficient inroads into these surpluses to proceed without finally hurting the farmer. It is the largest experiment that has ever been attempted.

According to the revised figures on United States exports, we have cleared 11 million bu in twenty-one weeks, and probably everything that has been shipped was under some sort of federal subsidy, but yet, the trouble lies in the fact that there are too few customers who are in position to take our goods, even when they are sold at a sacrifice price. Having started the season with total supplies of 1,348 million bu, and figuring on prospective domestic utilization of 670 million bu, which is about the average for ten years, there is still available for export and next carryover 667 million bu of wheat. Therefore, we shall end the season with almost enough to take care of the following year's requirements at home without producing another bushel.

As we look upon it, peace rather than war is the hope for the future in trying to get our house in order. There may be a long period once peace is established when the surpluses will fulfill a useful purpose. Countries which formerly depended on food imports, such as Holland, Belgium, and Greece, are already on short rations, and possibly in parts of Poland and Greece today, there is not sufficient food to maintain the people in a decent state of health. In the battle zones, both grain and the means to produce it have been destroyed, at least to some extent. Battles of the present magnitude are bound to leave their effects upon the populations of the warring countries for many years to come, and even Germany is apt to feel the loss of manpower, so that her needs may prove great once she is able to take imports from the surplus nations. In fact, all those who have been on rations, and consequently undernourished, may find the means of obtaining supplies in one way or another, and we have no doubt that credit may be built up in order to accomplish this purpose.

Primary receipts were 670,000 bu compared with 1,114,000 bu last week, and only 429,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 286,000 bu, indicating a moderate decrease in the visible supply on Monday, which will compare with a shrinkage last year of 2,432,000 bu.

The market was rather firm during most of the session, but in the last hour of trade, December liquidation set in, bringing about fractional reactions from the best levels of the day. On the whole, the speculative trade was extremely moderate, and again we had a good deal of spreading between various delivery months, with hedgers apparently willing to go over on the short December to May at prevailing differences, thus taking care of speculative commitments, which were doing the reverse. Final quotations showed an advance of 1/4¢ per bu for the neary-by future, while the May wheat rose 1/8¢.

Corn was firm, and the feeding possibilities this coming year are great, owing to the fact that the government has embarked on a huge program for taking care of British needs. This, however, will all take time, and at the moment markets can only anticipate that situation.

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CHICAGO December 1, 1941.

The war news was better on both fronts, with the British throwing back German forces in Libya, while heavy Russian numerical superiority forced the Germans to withdraw from Rostov, the key city at the mouth of the Don River. Incidentally, this also influenced slightly the Far Eastern situation, as Japanese morale seems to rise and fall with German successes or defeats. It would, indeed, be foolhardy to figure that Nazi strength is waning on a big scale simply because of these developments, and that, therefore, we should expect a sudden peace. Yet, there are millions of people in the dominated countries who are not sympathisers of Hitler's cause, and one must always think ahead of what could happen if hostilities should come to a halt.

Our problem is to think in terms of agriculture, and from reports that have come to us, if the war should end within a period of six months, devastation of Russian agriculture in the areas which Germany has occupied must be of tremendous proportions. It is true that the Russians have managed to remove from border sections practically all of their machinery, horses, and other livestock, together with much of the grain that they could not destroy, before the Nazi invasion. On the other hand, any attempts to sow autumn crops were of no avail, and possibly not more than 5 to 7% of the areas was sown in those territories. In this latter discussion, we are taking a long-term view, but there are other vital factors for immediate consideration, such as rationing in countries like Spain, Greece, Poland, Belgium, Finland, Norway, and France, and in all of these countries bread and cereals normally make up a major portion of their diet. From the description that Broomhall gives of the daily rations, we feel convinced that hunger is almost stalking at the door, and food shortages have certainly assumed serious proportions. While faring somewhat better in Portugal, Sweden, Switzerland, Denmark, The Netherlands, Germany, Italy, and the Danubian countries, there has been evidence of bread shortage, and in some cases, actual scarcity. We pointed out recently that rationing in Italy was introduced, and in that country it means great sacrifice. To sum up the situation as best we can with the limited advices we are getting, Europe used something like 13% less wheat in 1940-41 than in the previous season, and 15% less than the average of the five years just prior to the war. Belgium would have undoubtedly faced starvation had it not been for the fact that Germany actually delivered about 10 million bu of rye to that country, together with 55,000 tons of potatoes. This can only lead to the conclusion that if peace is established, there may be a tremendous demand for foodstuffs of all kinds in order to obtain proper nourishment for those who are now suffering.

Primary receipts were quite large at 1,086,000 bu versus 719,000 bu last week, and only 360,000 bu last year. The visible supply decreased only 717,000 bu, leaving total stocks in all positions 224 1/2 million bu which is 68 1/2 million bu more than was on hand a year ago. Chicago stocks increased 233,000 bu, giving us a total supply here of 15,813,000 bu.

The local trade was in a rather bullish frame of mind; many felt that December liquidation was nearly out of the way, and that from this time on markets would do better. Another influence was thestatement by the CCC that nearly 320 million bu of the 1941 wheat were impounded, as of November 22nd, which together with the 173 million bu from the 1940 crop, means that 493 million bu are now tied up. With about six weeks to go until the end of December, if the weekly rate were maintained at 8 million bu, (although we doubt it) there could, of course, be another 50 million bu placed under Federal loan; and this is the basis for friendly sentiment by a good many people. It is interesting to note that most of the increase last week occurred in North Dakota and Montana, while in Kansas 133,000 bu of wheat actually was redeemed, and in Texas, the number of loans decreased, although not the number of bushels.
At the last December wheat was 2¢ per bu higher, while May wheat advanced 1 7/8¢.

Corn was very strong, and it is doubtful now whether we shall have a movement of any size. The farmer is encouraged to take the loan because of the better opportunity afforded thereby, and also feeding should take place on a big scale.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 2, 1941.

While our armament program may not reach high gear until sometime in 1943, colossal production and tremendous spending are now in progress. It may cost the government $3 billion per month for defense, so that our federal debt might exceed $100 billionbefore the war menace is concluded. To some this means a highly inflationary tendency, particularly with some encouragement from the government, despite the talk of price control legislation. As a matter of fact, the price of many commodities is purely political and for the benefit of obtaining greater gains for the farmer. This has been accomplished through the artificial loan, regardless of the vast surpluses in most major farm products. That there has been no deflationary pressure shows that for a time at least supply and demand may be set aside. We have also found that labor was allowed, and actually encouraged, to utilize the emergency for its own benefit. Various governmental buying agencies, including the army and navy, have put away tremendous quantities of raw materials, probably out of proportion to their immediate ability to use them. While all this was going on, business and the public followed suit, often overbuying certain commodities and materials that were available to them.

Whether agricultural prices will continue to climb depends somewhat upon the pressure from farm groups, although many believe that with parity prices being continually raised, the end is not yet in sight. Others figure that while the war lasts, it is not easy to stem inflationary tendencies without stringent legislation, but this is not entirely true, as even some of the belligerent countries have succeeded in keeping the price of essential commodities at a price where the people would not suffer, even though much greater difficulties had arisen, due to lack of raw materials, manpower, shipping, etc.

In this country, we would have a much easier task if we were determined to carry through a program, owing to the fact that we are less vulnerable to shortages, and in fact, in many commodities we have tremendous surpluses, so that it should be no trick to prevent runaway prices. The government has already accumulated sizeable inventories either through direct purchases or when farmers defaulted, and, of course, businessmen would become cautious if they thought that at some future time, federal agencies might sell in order to bring about greater stability.

Japanese negotiations are still under way, and the attitude in the Far East is that war would not settle anything; therefore, the conversations will probably be continued.

Primary receipts were fairly large at 1,092,000 bu, or about the same as last week, when they amounted to 1,031,000 bu; last year they were 459,000 bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 30,000 bu.

There was firmness in our market during most of the session, but buying was not particularly aggressive, as had been the case yesterday, and undoubtedly the local element is now waiting to see further developments. Securities were somewhat higher, with the railroad strike settled, and this factor was reflected for a time in grains, although at the last December wheat showed a gain of 1/2¢ per bu, while May wheat was up only 1/8¢.

Corn was relatively firm, and the disappearance since last July has been unusually heavy. The Bureau of Agricultural Economics expects that this trend will continue during the coming season. Taking into consideration the expected increases in production of hogs, dairy, and poultry products, we may find that 200 million bu more will be consumed next year than in the previous one. Even with this picture, our reserves next October may only be reduced in the neighborhood of 50 to 100 million bu, but yet it is a step in the right direction.

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CHICAGO MERCANTILE EX.

CHICAGO Dec. 3, 1941.

The milling demand is generally quiet at this time of year, and nobody had looked for much activity until after the holidays. However, the recent buying had been more or less a hand-to-mouth proposition, and yesterday flour business had picked up briskly, with the result that a considerable number of hedges had been withdrawn from the pit. The first effect was to lift prices somewhat, although on the advance longs apparently were content with taking profits, and some concluded last night that the action of the market had been a little disappointing. Today, this flour business continued, although on a lesser scale, and yet, it had more influence on the market for the reason that there was no pressure, while at the same time a better commission house demand was in evidence. Most people who are trading now have concluded that it may take patience before any possible tightness may set in.

We have a total of 493 million bu of wheat impounded from the past two crops, with several weeks to go, during which time the farmer may still take advantage of the federal benevolence. The deadline is December 31st, but from point of view of statistics, it figures out somewhat differently. Last year, for instance, the CCC reported weekly until January 16th, when the final figure was published. At that time, it was disclosed that 278 million bu had been frozen from the 1940 crop. However, from November 26th, the increases were rather small; in fact, only 18 million bu, and should we follow this same pattern during the current season, there might be a little disappointment. We say this because during the past two weeks, the increases have been at the rate of 8 million bu weekly, and many were figuring that this might continue for the next seven reporting periods, which would mean more than 50 million bu still to be tied up. Naturally, it makes everything so uncertain when the laws of supply and demand are set aside, and when commodities are selling at artificial levels.

We hear very little of Southern Hemisphere developments, but the crop in Australia is a good average one, and possibly a trifle better than normal, while in the Argentine, the first run of wheat after harvest was rather poor. Yet, according to Broomhall, the final figure may be slightly higher than the pessimistic estimates given out a month or so ago. The wheat in the North, which is now being harvested, is probably poorer in quality than in othersections, owing to earlier frosts, but still the final outturn may run as high as 240 million bu. Since this is possible, and in view of the very limited outlets during wartime, there seems to be no chance that the Argentine government will raise its minimum price level. At the present time, the Argentine Grain Board is offering wheat at about 55 1/2¢ a bu, which is certainly a low price.

Primary receipts were 913,000 bu compared with 638,000 bu last week, and 383,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 119,000 bu.

The market was firm right from the start, and at one time Minneapolis strength was responsible for sympathetic buying here. In the Northwest receipts are down to moderate proportions, with the higher protein grades in good demand, and the premium basis lately advancing for better quality wheat. On the other hand, there still remains a fair amount of poor quality wheat, owing to the wet weather which prevailed earlier, and the demand for it is slow. However, in spite of this situation, Minneapolis futures have gained somewhat upon Chicago, and we look for this tendency to continue.

Trade, if anything, was smaller than yesterday, when about 11 1/2 million bu were transacted in the pit. December wheat remained the strongest, although no particular spreading took place. A few hedges came into July, putting the new-crop month at a lesser premium over the May. At the last there was an advance of 1 3/8¢ per bu for the nearby delivery, while May wheat rose 1 1/8¢.

Corn was rather firm, but no great activity; the basis for the moderate amount of buying lies in the fact that we shall probably never have a burdensome movement, and much of the corn is apparently staying on the farm either to satisfy feeding requirements, or else to take advantage of the artificially high loan.

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CHICAGO MERCANTILE EX.

December 4, 1941

With feed-grain supplies the largest in twenty years, and bread grains more than ample, one naturally wonders how long artificial stimuli may be kept in motion without having severe repercussions. Of course, with dairy and poultry products at very high levels, and feeding stimulated because of the needs of Britain, we may find that our domestic consumption of corn will increase 200 million bu over last year, but still we are faced with a very large carryover, even though reduced slightly from the present one. Despite the enormous purchases under the Lend-Lease program, the price of meat animals continued to decline during the past month, and there was a decrease of six points in the index from the month earlier, but yet, this is not serious, as it is still thirty-nine points higher than on November 15, 1940. The price of hogs has dropped 42¢ per hundred pounds since October 15th, with downward changes being sharpest in the corn belt states.

On the other side of the picture, we have advancing prices that are being paid by farmers, especially those articles for family maintenance, and this is responsible for further advances in the parity ratio, and may be reflected in next year's loan when all these factors come up for consideration. In this connection, one must take cognizance of the fact that wheat parity on May 15th was 114.9, and it rose successively every month until November 15th, when we find that it reached 126.4. Thus, in a period of six months, wheat parity has gone up 11 1/2¢ a bu, and at that rate the upward spiral might continue indefinitely until some day the breaking point might come. To a lesser extent, this refers also to all the various articles which are appraised under the parity relationship. In corn, for instance, the May 15th price was 83.5, while six months later it had risen to 91.8, with oats advancing from 51.9 to 57.1. These figures are all given in detail in the mid-monthly report of the U. S. Department of Agriculture's Bulletin, with the latest revisions that were incorporated. Considering that we have been attempting to combat inflation for the past six months, the agricultural program in connection with high loans and parity could hardly be regarded as a tempering influence.

While little attention is directed at Southern Hemisphere developments, it is now reported that the storage situation in the Argentine will be more congested than ever when the new crop comes to market. According to Broomhall, there is an exportable surplus of 114 million bu of wheat from the old crop, and the government is guaranteeing to pay the farmer 54 5/8¢ for the new crop, delivered at Buenos Aires. It is always difficult to get accurate information from Australia because of censorship, but now we are informed that wheat and flour shipments from December 1, 1940 to November 30th of this year are close to 65 million bu, or at the rate of 1 1/4 million bu per week. On this basis, there is a carryover in that country of around 25 million bu, but, of course, they were able to help themselves fairly well owing to the fact that last year's yield was almost a failure. The new one is estimated officially at 166 million bu, which would give a total supply of 191 million bu. This would leave, roughly, 135 million bu available for export and next carryover, after taking out home requirements. A sales agreement has been reached with the United Kingdom on a substantial part of the new crop surplus; therefore, Australia may not have many worries during the coming season.

Primary receipts were smaller at 490,000 bu versus 564,000 bu last week, and 347,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 197,000 bu.

Trade was somewhat lighter than recently, and there was very little changing between various delivery months, although July was again under pressure from spreaders and possibly hedgers. The whole open interest is down again to 47 3/4 million bu, which is anything but encouraging considering that we raised the second largest crop of record. At the last December wheat was down 1/2¢ per bu, while May wheat registered a decline of 1/4¢.

Corn was slightly reactionary, but there was nothing important, and there are no signs yet of any pick-up in the movement from the country,

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CHICAGO MERCANTILE EX.

December 5, 1941

The Far Eastern situation assumed greater importance today, as the Japanese delivered to Secretary of State Hull their government's reply to the President's question as to why Jap troops were being massed in French Indo China. Up to the time of this writing, we have not learned the details of their answer, although Australian reports stated that a southward movement of Japanese naval and military forces has been confirmed, and their Cabinet has cancelled Christmas leaves of Australian troops, because of the Pacific crisis.

When our market opened this morning, it was slightly lower, reflecting uneasiness over these developments, although an added grain factor was the heavier tenders of wheat on December contracts yesterday, with more of the grain circulating. Thus, the nearby month seems to be cleaning up pretty well without undue excitement.

From a statistical point of view, there is very little news from week to week, and still less from day to day. Broomhall tentatively figured that world's imports of wheat and flour during the current season would amount to 328 million bu. This would be at an average rate of 6,300,000 bu a week. We rather feel that the clearances can be maintained on this basis, owing to the fact that, exclusive of Australia, total world shipments since August 1st have amounted to slightly over 91 million bu. If we assume that Australian clearances are about 21 million bu, this would make a total of 112 million bu for the first seventeen weeks of the crop-year, or a slightly better average per week than was calculated. But in any event, it will be a very small volume in comparison with the preceding war, at which time so many of the countries now under German domination were in position to get their supplies from the surplus countries.

Our own crop season, which started on July 1st, has been running now for twenty-two weeks, and we have only shipped 11 1/2 bu of wheat and flour, but there seems to be some hope that possibly under the Lend-Lease program we may step up these figures through additional shipments to Russia, although at this writing there is nothing definite to be said. Canada has placed 61 1/2 million afloat, compared with 45 million bu last year, and the present supply on hand is about 85 million bu less than a year ago, which suggests that possibly next August 1st they may have their carry-over reduced in the neighborhood of 100 million bu from the figure of last August. This, of course, is a step in the right direction, but should Canada produce a normal crop next season of, say 400 million bu, they would have practically as large a quantity to deal with as at the beginning of this season. Thus, much will depend on whether or not the war extends beyond that period. Should peace be brought to the world, we can visualize an enormously increased demand, but while hostilities continue and the British blockade is effective, not much relief is in sight.

Primary receipts were 772,000 bu, which was a little heavier than last week, at which time they amounted to 670,000 bu; last year they were 355,000 bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 233,000 bu. In spite of shifting of supplies prior to close of navigation, we doubt whether the visible decrease next Monday will be as much as last year, when it declined 3 1/4 million bu.

After an early break, firmness developed; the main feature continues to be the artificial one of large stocks being tied up under the government loan, with probably close to 1/2 billion bu now impounded from the last two crops. At the last December wheat was up 1/8¢ per bu, while May wheat was unchanged.

Despite the forecast for clear and colder weather, soybeans were higher.

Corn was barely steady and oats were firm, but there was no special feature.

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CHICAGO MERCANTILE EX.

CHICAGO December 8, 1941

Nothing counted this morning except war news in the Pacific, and while the chances for hostilities had been mounting for weeks, owing to the dastardly developments of the Tokyo government, the unprovoked and treacherous attack yesterday, which was like a stab in the back while men were at church, shocked the civilized world. Undoubtedly, considerable damage has been done to American possessions in the Pacific, but this was to be expected, as we were not wholly on our guard due to the fact that a peace mission was presumably still carrying on negotiations at Washington. There was naturally some talk as to whether the various organized exchanges of the country could function. Both the SEC and the CEA were watching carefully any unusual developments that might occur, but again the New York Stock Exchange, as well as the Chicago Board of Trade, showed its ability to handle their own affairs without interference from the outside, and there was a minimum of disturbance, considering that four-fifths of the world is now at war against the totalitarian countries and their puppet states. Officials of the Department of Agriculture expressed satisfaction in the way that commodity markets reacted.

Grain news was almost entirely ignored, although firmness of cash markets and the recent strengthening after December deliveries were disposed of gave us the basis for firmness, so that only moderately heavy buying was necessary to give us sharp advances. The same was true in other commodities - notably in cotton, where early losses had been registered, but, of course, war is generally construed as bullish, since it reduces manpower and creates greater wastage. Also, added supplies of all sorts are needed, and now that we are belligerent, we may also have to become the arsenal of supplies needed by the English speaking countries and their allies.

The primary movement of wheat today was large at 1,215,000 bu compared with 1,086,000 bu last week, and only 493,000 bu last year. When the visible supply was posted, it showed a decrease of slightly over 3 million bu, with total stocks in all positions 221 million bu, which is 68 1/2 million bu more than was on hand a year ago. At Chicago, there was an increase of 122,000 bu, with more than 16 million bu now in this market.

Just at the time when the President addressed the joint session of Congress, asking for a declaration of war, wheat prices advanced to the full 5¢ limit permissible in one day's trading. Thus, trading in the wheat pit came to a virtual halt, although there had been considerable activity during the first two hours of the session. Mills were apparently on the buying side, and flour business overnight was of fair proportions, thereby occasioning the removal of hedges. Mr. Henderson of the OPA warned against too strong an upward movement in prices of various commodities, particularly those affected by shipping difficulties growing out of the war.

Corn, oats, and rye reacted somewhat from the highest levels of the day, but soybeans and wheat were wanted at the ceiling figures. Beans, of course, will be largely influenced by our inability of importing fats or oils from the Orient; therefore, prices were immediately bid up at the opening tap of the gong.

Outside wheat markets went up in sympathy with our advance, but were also influenced by the better volume of flour sales. The only market that was a little hesitant was Winnipeg, where prices were up about 1/2¢ per bu, but, of course, there the government has established definite ceiling prices, and nobody knows at this time whether our entry into the war will cause any change in their recently formulated policy.

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CHICAGO MERCANTILE EX.

CHICAGO December 9, 1941.

After the close of the market yesterday, the CEA recommended to the various exchanges that price ceilings be adopted during today's session. In Chicago, this was applicable only to wheat and soybean futures. Our Directors complied with the government's request, and apparently the motive was to retard speculation, at least during the early days of our entry into the war. When hostilities started in Europe in 1939, our market rose sharply for about 15¢ a bu, as everyone had in mind what occurred during the first World War, when prices went way up. Undoubtedly, everything is vastly different now, at least to the extent that the demand from this country is rather limited, and about the only opportunity for heavy shipments would be under the Lend-Lease program. In any case, it was a reminder that artificial stimuli were at work on a heavier scale than heretofore, and moreover, there seems to be a better chance now of accomplishing price control legislation with greater restrictions than had we remained at peace. These factors finally overcame the accumulation of milling orders to buy wheat, and while there were several periods when wheat reached the prescribed limits for trading, we had a market during most of the session, although never any great amount of weakness.

Mr. Murray, one of the leading crop experts, presented some interesting figures to the trade, indicating the possibility that next year's winter wheat crop might yield 589 million bu. This would be a reduction from the 685 million bu produced this season, but would compare with 569 million bu, which was the ten-year average from 1930 to 1939. In spite of an acreage reduction, there is a good promise, owing to substantial moisture which occurred in the fall months, and the four important southwest States: namely, Kansas, Nebraska, Oklahoma, and Texas, are scheduled to raise about 288 million bu, which was almost as good as last year's results, and actually 36 million bu more than average for those states. Thus it is possible that we shall produce more than sufficient for our own purposes next year, so that from a statistical point of view, the government would have no difficulty in keeping prices down if they really have the desire to do so. In our opinion, the government could have attained its purpose much more easily had it sold a small portion of the 170 million bu of wheat that was impounded from the 1940 crop. This would have relieved the artificiality instead of strengthening it. Under those conditions, there would have been less disruption to those who have helped build up a hedging market, and after all, that type of trader is necessary in order to give us the liquidity, which even in war time, is so essential.

The primary movement today was fairly substantial at 1,187,000 bu versus 1,092,000 bu last week, and 519,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of only 34,000 bu.

There were all kinds of reports and rumors in connection with war events, with air raid precautions apparently being observed on both Coasts, but until the President delivers his fireside chat to the Nation tonight, nobody can be entirely sure what the developments of the last two or three days have been. With some evening-up operations, the open interest seems to decline, and yesterday there was less than 47 million bu interest in all three futures of wheat; possibly this was further reduced today, as after all nobody can have such strong convictions with Washington having the power to restrict our market on the one hand, and yet keep it firm with the other method of permitting farmers' impoundings to continue. At the last, December wheat was unchanged, while the May delivery was down 1/8¢.

Corn and oats were also subjected to liquidation, but everything was extremely orderly.

Beans were at the upward limit during most of the day's trading, but at times yielded somewhat as other cereals weakened. As long as the war rages in the Pacific, we shall have great difficulty in getting the usual quantities of oils that formerly came from the Orient, and this naturally will improve the demand for bean oil.

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CHICAGO MERCANTILE EX.

CHICAGO December 10, 1941.

After the close of the market yesterday, the Commodity Exchange Administration announced that all grains would be permitted to function normally on our exchange, with the exception of soybean prices, which were limited to the ceilings of the previous two days. The latter, however, is apparently only a temporary measure, and as we understand it, the market will probably be permitted to re-open normally tomorrow within the usual trading limits permissible in a single day's activity. We can well understand why Washington should be so cautious at this particular time. With the tremendous quantities of wheat produced and carried over from the previous crop, there is no legitimate reason for a runaway market. If speculation should become too rampant at this time, and thus release a large percentage of the grain now impounded, we might have an extremely sharp break following such a wild advance. This might be considered undesirable.

There is, however, an issue that may not be entirely clear to the administration: namely, that if permanent market limits were established for a long period, the usual relationship between cash and futures would no longer be operative. A normal relationship only occurs in liquid markets, where hedgers on both the long and the short side of the market protect themselves through the use of the futures market. We have in mind, for instance, what occurred after the Low Countries were invaded, when a minimum price was invoked. Farmers were unable to find a market for their grain because elevators and consumers would not buy unless they could either hedge their position in the pit, or sell a like quantity of wheat or flour to the trade. Consequently, it became necessary for the government to release its restrictions, otherwise, cash wheat might have declined severely and out of all proportion to the price obtained when the futures market was re-opened. Likewise, a fixed upward limit might not accomplish the desired purpose in beans, although in wheat the CCC could always help itself by selling some of the accumulations, thereby putting more grain back into commercial channels.

Before our market opened, the general tenor of news was slightly bearish. First of all, losses in the Pacific precluded the possibility that large shipments might be made from the West Coast to Russia in the near future. In addition to this factor, Mr. Henderson has suggested a ceiling of 100%, whereas previously it was not thought likely that anything lower than 110% of parity would be asked. Of course, the war has changed everything, and our thinking must now be different. Moreover, the Senate passed a bill yesterday modifying the requirements of the wheat marketing program. Non-compliance farmers, in order to obtain a white marketing card, were compelled to pay penalties if they had raised more than their allotment, but the new bill provides that only the excess amount of grain is affected. So the farmer who has not taken advantage of the government's benevolence is in a better position to market his normal quota.

Local trade has turned more conservative, and now recognizes that, with war and the possibility of inflation, also the small open interest, sharp declines are not likely. On the other hand, government curbs, which have been in evidence at every turn, plus the possibility that impounded wheat might be released if prices got out of line, are factors which cannot be ignored. Thus, upturns may be limited, at least for the time being, to moderate proportions.

Primary receipts today were 727,000 bu compared with 913,000 bu last week, and 262,000 bu last year. Stocks so far this week at Kansas City and Minneapolis show a total decrease of 105,000 bu.

The wheat market was not very weak at any time, and with the open interest down to 41 3/4 million bu, or a decrease of 5 million bu from the previous day, there can be no heavy liquidation expected; thus, it would not be surprising to have a firm undertone. We believe, however, that speculation may be on a smaller scale, as the OPA will soon announce ceiling prices for a long list of commodities, and this will be responsible for a fair degree of caution. At the last, December wheat was up 1/2¢ per bu, while the May future advanced 1/4¢. Not much spreading took place.

Corn and oats had further recoveries from yesterday's break, and the general feeling is that agricultural commodities during the war will sell at fairly good prices.

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CHICAGO MERCANTILE EX.

CHICAGO · December 11, 1941

The whole world was shocked last Sunday to learn that Japanese submarines, air craft carriers, and peace emissaries had all arrived at American coasts, or possessions, at about one time. However, today's news of Axis war declaration upon us was more or less expected, and will no doubt tend to further unify sentiment in this country, as well as in other parts of the civilized world, where people can stand together with honor and hope. The United States is the first country to have been attacked in the nine years of aggression which is not under the near-term threat of food shortage; in fact, our principal food supplies are not only above normal, but many of them are at record proportions. Therefore, we are better able to withstand hardships. While the aggressor drew the first blood in a cowardly surprise blow, our own strength has now been mobilized, and it was officially announced that we sunk one of the Nipponese battleships in the Philippines. Everywhere in Russia, Hitler has been brought to a standstill, with his men retreating and, according to Prime Minister Churchill, suffering indescribable losses almost unequalled in the history of war.

Our markets were firm right from the outset, and many people now have in mind that in the first World War prices soared sharply. As we see the picture everything is different now, even the attitude of the government in trying to prevent undue rises, so that ceiling prices are being asked for a multitude of articles.

Having ourselves shipped only 11 3/4 million bu of wheat and flour in twenty-three weeks, we shall undoubtedly have a tremendous carryover next July, while prospects for the next crop are good, owing to the favorable moisture situation. Canada is also in wonderful shape to withstand even a long war, and after deducting shipments of 66 million bu from total supplies on hand August 1st, there is still 584 million bu available at this time, after deducting home requirements. Considering that she normally needs about 132 million bu for all domestic needs, it is very obvious that North America can well take care of allied needs for a long time to come, and this is definitely a more favorable picture than that of the Axis nations.

Weather in the Argentine is favorable for harvesting. Yields are showing improvement, as threshing operations move further South. An official report just issued claims that yields will probably be higher than estimated, and she will have greater difficulty than ever in shipping to Europe, even if she would have the desire to do so, although her Northern neighbors are importing larger quantities than at this time last year. In Australia, the crop will be better than average, although some damage is reported because of excessive rains, but this is mostly confined to the Southern sections. The chances are that European acreage will be no larger than last year, and with cold weather, field work may be stopped until spring. Shortage of labor was a factor, and in France prices of bread to the consumer have advanced, although the government has absorbed about two-thirds of the increased costs.

Not much attention was paid to statistics, although stocks of loan wheat increased more than 6 million bu, with a total of 326 million bu impounded from this crop, and probably 173 million still tied up from 1940, or a grand total of 499 million bu.

All futures of wheat made seasonal highs, and at one time December wheat was more than 12¢ per bu over the loan price. Therefore, some redemptions were possible, although we did not hear of much wheat coming out. Nevertheless, this is a factor now to be reckoned with.

Primaries were 775,000 bu vs. 490,000 bu last week, and 392,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 192,000 bu.

Late strength was on a report quoting Senator McNary as saying that there would be no price control legislation at this session of Congress. Best price levels of the day were not maintained, as there seemed to be a good deal of profit taking, but yet December wheat closed 3 3/8¢ a bu higher, while the deferred months were up 3¢.

Corn, oats, and rye were all stronger, war being the stimulating factor. Trade was fairly good, although on the whole people are conservative, recognizing that ceilings are being considered, although agricultural products may receive some preference.

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CHICAGO MERCANTILE EX.

CHICAGO December 12, 1941.

Until our entry into the war, the wheat market was very largely dominated by the government's policy in connection with the loan program. This was possible because they threw practically their unlimited resources toward helping establish a better status for the producer, regardless of secondary consequences. Apparently, the accumulations following the 1940 crop did not disturb them one iota, as they made it possible for farmers to borrow money at a much higher level without regard to the quantities of wheat that might become frozen during the current season. As a result, we now have 500 million bu of wheat that have been withdrawn from commercial channels. During the past week, the increases were mostly in the Northwest, North Dakota alone tying up more than 3 million bu of wheat. All this tended to tighten up markets, as we ate more into our reserves, but probably for the first time yesterday, there was a threat to the bull market as values plunged into new highs for the season.

Reports from the Northwest told us that the country purchases yesterday after the close were very heavy, and that there was considerable wheat for sale in the Minneapolis market this morning, probably the best hedge selling in some time; in fact, about half the wheat that the country sold consisted of redeemed wheat, and this was the basis for somewhat lower values. The loan price at Minneapolis is $1.15 a bu, or the same as at Chicago. The chances are that with their movement later than in other parts of the country the accumulated charges were smaller, and thus, the farmer could pay off his obligation and still net a profit to himself. In the Southwest, redemptions were inconsequential, but this is also understandable, as a good deal of wheat went into elevators during the early part of July; therefore, storage, interest, etc. is more of an item than in the Northwest. We rather feel that this new development, together with the ever-present possibility that the government might sell some of its holdings, will act as a balance wheel, and we, therefore, believe that great caution should be exercised on bulges, particularly as Washington is not anxious to have runaway markets.

Chairman Fulmer, of the House Agricultural Committee, telegraphed Secretary of Agriculture Wickard, urging the removal of all restrictions on acreage or production of wheat, corn, cotton, and peanuts. Should congress see fit to pursue such a policy, it might mean larger sowings of spring wheat, although it is too late to do much in other sections of the country with the ground frozen.

During recent sessions both flour buyers and speculators were inspired by the thought that war meant higher prices, and there must have been a considerable amount of buying for that reason. Possibly, milling business has been satisfied for the time being, as markets become a little more stable, and we, therefore, look for a smaller volume of trading unless there are new developments. The CEA has asked that yesterday's top prices in beans be made a ceiling until further notice, and here again is evidence of a desire to keep prices within reasonable limits.

Primary receipts were 785,000 bu, or practically the same as last week, and 296,000 bu last year. Stocks at Kansas City and Minneapolis so far this week show a total decrease of 244,000 bu.

A little wheat was picked up on the breaks, but the buying was not particularly aggressive, volume of trade was smaller, and if values hold at these levels for a few days, we may see further redemptions, which, of course, would put more wheat back into commercial channels. At the last December wheat was 1/8¢ per bu lower, while the May future declined 3/8¢.

Corn was rather firm and seems to have a good many friends. Feeding this year will be on a huge scale, also a large quantity will go under the Federal loan; therefore, the movement to market may never be burdensome.

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CHICAGO MERCANTILE EX.

CHICAGO December 15, 1941.

There was very little grain or war news over the weekend that had much influence upon our markets. The government reported the total amount of wheat loans through December 6th, showing that nearly 332 million bu of wheat had been impounded from the present crop. This, together with the amount frozen from the 1940 crop, makes a total of 505 million bu that is now tied up, and thus, removed from commercial channels. Increases during the week were reported for practically all States, with North Dakota again showing the biggest gain, with that State alone adding more than 2 1/2 million bu to the amount now federally controlled. Ordinarily, farmers have until the end of December to obtain these loans, but owing to the wet weather in the Northwest, the government has extended this period in the spring wheat territory to January 31, 1942. Inasmuch as the spring wheat farmers are tying up more wheat than producers in other parts of the country, we may finally have a somewhat larger figure than had been expected. Of course, high prices may prevent this, and also, a definite selling policy, if announced by the government within the next few days, might have a good deal of bearing on the subject, and the latter announcement is more or less expected.

Generally speaking, the condition of the winter wheat is favorable, although cold weather in a few localities without proper snow covering has been reported, but the chief thing is soil moisture, which is ample everywhere. Consequently, the condition of the crop when it is officially forecast later in the week should make a good percentage showing as compared with normal. In fact, the private experts have already stated that condition is about 87%, which is rather high, although only a preliminary figure at best.

Milling business was rather quiet this morning, but the flour bookings during the past week or ten days have been extremely large, with mills in all parts of the country claiming the best volume in over a year.

Apparently our entry into the war had the same psychological effect upon the milling trade as it did upon speculators, and this all came at a time when the movement from the country was exceedingly light. Therefore, the removal of hedges had a rather bullish influence, with prices rising to a point where speculators were willing to sell out long commitments. At the moment sentiment seems to be more two-sided. It is now recognized that war with Japan has pretty much disrupted all wheat and flour shipments to the Orient, while the European demand, coming as it does mostly from England, seems to favor Canadian varieties of wheat. Locally, at least, many traders prefer coarse grains to wheat, even though ceilings on lard make feeding operations less attractive. While it is true that corn harvesting is being pushed rapidly to a finish, country offerings are still light, and no doubt a very large percentage of the crop will be placed under the federal loan, which offers better opportunities right now than marketing.

Primary receipts amounted to 1,146,000 bu compared with 1,215,000 bu last week, and 387,000 bu last year. When the visible supply was posted it showed a decrease of 763,000 bu, which leaves total stocks in all positions 220 1/2 million bu, or about 69 million bu more than in 1940. At Chicago there is still more than 16 million bu on hand, with practically no change reported during the week.

Trade today was rather dull. Reports persist that the government may announce a selling policy before long on its accumulated surplus, although there is nothing definite at this time. Despite the 6¢ break in soybeans, wheat prices held up reasonably well, with December wheat closing 1/4¢ per bu lower, while the May delivery was off 1/8¢.

Corn was about steady; a little more support keeps coming into this market by those who feel that wheat prices are on debatable ground, but the buying is not aggressive, nor is the trade big.

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CHICAGO MERCANTILE EX.

CHICAGO December 16, 1941.

If any merchandising advantages have occrued to the surplus wheat producing nations during the war, we believe Canada is the one country which shared the honor alone. By keeping prices reasonably low, or at least not having them on stilts, her exports have been maintained, and during the first two years of war, clearances of wheat and flour averaged 217 million bu per annum, which was considerably in excess of the average of the five years prior to hostilities. During the current season, Canada has an excellent chance to export even more, as in all likelihood, Russia will take her requirements largely from that country except for the comparatively small quantities that we may ship under the Lend-Lease program. The United Kingdom holdings of Canadian wheat in the Dominion have been earmarked for the U.S.S.R., but probably no one is in position to calculate how much wheat Russia needs, or will be able to take, although owing to rhe relatively small acreage that was sown in the invaded territories, next year's requirements may be considerable.

In our own country clearances are running at a very low rate, and even with subsidies the volume will probably be smaller this year than is considered advisable if we are to have a healthy picture. Due to the high loan, even domestic consumption may be somewhat smaller than usual. In the Argentine, supplies for the 1942 season will probably be larger than in the previous twelve months because of the big carryover, while the opportunities for selling wheat abroad are very limited. As a result the government has taken the market completely under its control, and operations in futures have been suspended. This is the first time in history that such drastic action was taken, except possibly for temporary periods, although they have had fixed minimum prices at various times in order to cushion severe declines. Apparently, the present law prohibiting grain futures trading has not helped the situation one iota. Australia is faced with a large exportable surplus, which may amount to approximately 135 million bu, but only a small proportion is likely to find shipping space; and now, of course, with war in the Orient, an important market has been closed to that country. It is possible that a portion of these agricultural difficulties may some day be ironed out at the peace table, when the European demand will again come into its own, particularly those countries presently under German domination, which are so severely rationed. Possibly, the surpluses which are now overhanging the market may be used in our dealings to establish international trade on the broadest possible foundation, and yet, this is a factor which may not come into play for a considerable period of time.

Withdrawing of restrictions here on soybeans had a rather stimulating effect upon that market, which also spread to other pits. Furthermore, Mr. Henderson has promised that he would re-examine and study the situation relating to fats and oils, and it is considered quite likely that ceiling prices may be raised. Thus, there are still a great many uncertainties ahead.

Primary receipts were quite light at 944,000 bu compared with 1,187,000 bu last week, and 412,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 185,000 bu.

Best prices of the day were not maintained, as the CCC is considering the sale of government wheat stocks. There is no definite program, nor has any price been set. A few sales have already occurred under the export-subsidy program, and domestically where small quantities were needed urgently by millers, although the bulk of the 170 million bu from the 1940 crop remains intact. The trade construes the administration's step as one that will prevent runaway markets. At the last December wheat was 7/8¢ per bu higher, while May wheat gained 1/2¢.

Corn was fairly steady, and the movement remains small. The same is true of oats. In beans, the deferred months were in better demand, but December liquidation carried the nearby future to a discount of 7¢ a bushel, which apparently is more than a full carrying charge considering that there are only 4 1/2 months between now and the May delivery.

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CHICAGO MERCANTILE EX.

CHICAGO December 17, 1941.

Ever since the government instituted its policy of making loans available to farmers, with the result that accumulations took place through defaults, we have had an idea that at some time this wheat would have to be returned to commercial channels. It could hardly have been otherwise. Of course, the methods might have varied and a certain portion could have been given away to relief agencies, or some might have been exported under our Lend-Lease program, but it was reasonable to suppose that the bulk of it would finally be sold in the domestic market, as was the case during the Farm Board era. In other words, the method of accumulating this vast stock was not the same as the direct outright purchase to stabilize prices, but in many other ways there were similarities.

It was no surprise, therefore, to learn this morning that the Department of Agriculture would sell its approximate 170 million bu of wheat under certain conditions. As we understand it, grain will be offered until December 31st at a price not less than 15¢ above the 1941 loan value of the wheat at the point of storage. This would mean that sales could take place in Chicago at $1.30 a bu, or in Kansas City at about $1.25. On basis of last night's closing markets, free wheat was still about 3¢ a bu cheaper here than the CCC selling price, and probably 2 to 3¢ cheaper at Kansas City, while at gulf ports the federal asking price was only about a cent or so above the market. In any case, it shows a very definite policy of preventing runaway markets during wartime, and we inferred this right along from the preliminary discussions that had been taking place at Washington. The government states that the supplies of free wheat amount to about 500 million bu. We do not know exactly how they arrive at these calculations, but must assume that, in addition to about 250 million bu which is still free, but which will be ground during the latter half of the season, they are also including as available supplies the amount of wheat that will be finally fed to livestock, but which is not yet actually consumed. Also included must be the spring wheat seed requirements, which could hardly be counted free, as after all, there was never a year but that a certain quantity was needed for sowing in the Northwest. Nevertheless, there is no general tightness of supplies except in isolated cases where the frozen wheat of 1940, together with the 332 million bu impounded from the current season, has developed a local situation.

There was no special war news to influence the markets. Russian reports were of a very optimistic nature, while the Nazis were pretty much on the defensive, sustaining heavy losses in retreat, and frigid temperatures continued to be a strong ally of the Soviet forces.

Primary receipts were slightly smaller, at 861,000 bu compared with 727,000 bu last week, and 173,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 329,000 bu.

While there was a fair amount of commission-house liquidation on the theory that prices may be held in check owing to the government's decision to sell accumulated surpluses, it is also recognized that farmers in the Northwest may take advantage of the loan until the end of January; therefore, a fair amount of support came into the market on the break, with some recovery from the low figure of the day. At the last December wheat was 1 3/8¢ per bu lower while the May future showed a decline of 1 5/8¢.

Corn held up fairly well considering the decline in wheat, but of course, the situation is quite different, as the movement is small at a time when ordinarily accumulations take place. There is also a hope that the recent order of Mr. Henderson may be changed so that higher lard prices will result, and this, of course, would encourage feeding operations.

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CHICAGO MERCANTILE EX.

CHICAGO December 18, 1941.

Secretary Wickard issued a detailed report on the food supplies of the nation, and while everyone has known for some months that we have had large surplus stocks in many commodities, it was reassuring at a time when we entered into a war both on the Atlantic and on the Pacific. It did, however, act as a reminder that such large domestic supplies, with very few exports, might make it difficult to have too high a price level, particularly since the Department of Agriculture is desirous of preventing inflation or runaway markets. Mr. Wickard pointed out that the wheat supply was ample for two years, while corn and barley were the largest in twenty years.

After the close of the session today, there will be a government report, and at that time final figures on last summer's production will be disclosed. We doubt whether any important changes may be made, but on the assumption that our crop and carryover last July amounted to about 1,348 million bu, it is almost a foregone conclusion now that the reserve stock of wheat next summer will be almost sufficient to take care of a whole year's domestic utilization without raising another bushel. Tomorrow, we shall have another report indicating the acreage of winter wheat sown, as well as the condition of the plant, as of December 1st, but there are no surprises expected in that direction either, as the private experts feel that with the fine fall moisture, the December 1st condition was about 87.5% compared with 84% the official figure in 1940, only 55% the year earlier, and 79% the ten-year average. Thus, we might look forward to a healthy situation next summer, provided normal weather is encountered from this time onward.

There are still many uncertainties in Washington. A certain group, fearing inflation and the insidious consequences that lie in its wake, seem determined that ceiling prices must prevail in order that those with fixed incomes and moderate salaries may have at least some degree of protection. Others, who are thinking more in terms of immediate results, are very much agitated over any attempt to keep prices within reason, and, therefore, nobody can tell which group will win out. The first test will come on Mr. Henderson's recent order which applied to fats and oils. As the Bureau of Agricultural Economics points out, there is no immediate shortage, and we shall probably be able to maintain consumption at 1941 levels, although some substitutes may become necessary. This in spite of the fact that imports of oil seeds and oils from the Pacific have practically been cut off entirely.

We are not getting much news from the Southern Hemisphere, and while the last government report indicated a wheat crop of 220 million bu, some believe that the final figure may show a slight reduction. Nevertheless, weather during the week has been favorable for threshing, and yields in some areas are even turning out better than had been expected. Very little is being shipped; last week only 1,116,000 bu, which included 206,000 bu to the United Kingdom. Owing to the fact that few of the Continental countries can take supplies from the Argentine, we believe that this will be a rather poor year for them, even though the neighboring countries may take slightly larger quantities than normally.

Primary receipts amounted to 676,000 bu, compared with 775,000 bu last week, and 249,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 350,000 bu.

The war news was favorable both in Russia and in Libya, with the Soviets claiming that the Germans were running like mad , leaving half of their equipment behind them. However, this had very little market influence. Pressure everywhere was light, and after midsession with soybeans firming up, wheat prices also recovered, and at the last the December future advanced 1/8¢ per bu, while May wheat was unchanged.

Corn trade was rather light, but the movement out of Chicago was heavier than the bookings, and we are not building up stocks as is often the case during December and January; apparently the loan is more attractive to the farmer. Thus, we are confronted with another artificial period.

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CHICAGO December 19, 1941

After the close of the market yesterday, the government came out with its final estimate of the winter and spring wheat production, indicating a total crop of 946 million bu. This was a reduction of about 15 million bu from earlier estimates, but may still be regarded as a very satisfactory return on a reduced acreage, having obtained almost 17 bu per acre. When it is considered that we had a carryover of 387 million bu from the past season, it is obvious that we started with total supplies of 1,333 million bu. It is not likely that the combined figure of domestic consumption, plus exports, will exceed 720 million bu. Therefore, we shall have more than 600 million bu in the reserve next July before another crop is harvested. After the close today more will be known about possibilities for 1942, as the government will give us further data, and while the condition of the crop presently is very high, nobody can come to definite conclusions until we get much further along.

In any case the statistics for North America, at least, have been pretty well formed, and not much can take place now to alter them unless, of course, hostilities would end abruptly, and that would widen the scope of requirements; but we have no reason to anticipate such events right now, even with the improved outlook in Russia. That the German morale is not so high is almost a foregone conclusion, owing to the terrific losses sustained in their retreat. While Nazi propaganda may have its influence in some German homes, the death lists are mounting right along not only because of hostilities, but are almost as great on account of the severity of weather and the spread of disease. The loss of materiel, including foodstuffs, is also a factor not to be minimized, while on the other front the RAF is making its daily raids upon France, the Low Countries, and Western Germany, even to the extent of carrying out daylight attacks, and thus, the Axis is now for the first time on the defensive, which may break their spirit more quickly than some observers have anticipated.

At the present time, we are shipping very little wheat and flour, and within two weeks, half the crop season will have passed. Only about 12 million bu has left our shores, and this is ordinarily the period of heaviest exports, so that if the war lasts, we cannot be too hopeful of reducing supplies to any large extent during the second half of the season. Canada has cleared nearly 72 million bu of wheat and flour since August 1st, which is about 21 million bu more than for the corresponding period in 1940. In spite of all this, she still has 573 million bu of wheat on hand for export or next carryover, this being a reduction of 91 million bu from the stocks carried a year ago same date.

At Washington, price control legislation is still holding the center of attention, many protests coming from Southern Senators on Mr. Henderson's recently adopted ceilings for fats and oils. Should a bill finally be drafted, it might authorize the Price Administrator to buy or sell commodities to stabilize their price, and thus, for the duration of the war nobody could really be sure what an article might be worth. This is causing speculators to be extremely cautious, and trade in the pit today was again at low ebb, much the same as yesterday, when only 5 million bu of wheat was transacted in the pit for all four futures, September just having made its appearance yesterday.

Primary receipts were quite substantial at 806,000 bu vs.785,000 bu last week, and 530,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 470,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 1 1/2 million bu.

Trade here was entirely without feature, and it is becoming increasingly difficult for people both in and out of the trade to have strong convictions, until Washington decides on a definite policy which can be depended upon for a period of time. At the last, December wheat was 5/8¢ per bu lower, while the May future declined 1/2¢.

Corn was also a shade easier. The estimate of the crop showed practically no change from the previous report, but in any event, it was quickly forgotten.

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CHICAGO December 22, 1941.

War news was altogether favorable over the week-end. It was announced that in recent weeks we had sunk or damaged fourteen Axis submarines, and with Germans falling back further in Russia and Libya, Hitler took supreme command of his troops, with the Propaganda Minister appealing to the Reich to sacrifice further in the way of clothing, woolens, shoes, etc., as the army in Russia was freezing to death.

Up to the present time, our entry into the war has not changed greatly prospective wheat requirements, but later on China might need heavy imports of grain, as the wheat area for that country lies in a great eastern area from Manchuria to China, and is dominated by Japan. The Soviets have not talked of food shortage, but owing to the loss of the Ukraine, Russia's need for wheat may become more urgent as time goes on. We have been advised on various occasions that the Reds were able to save the bulk of their crop, and that the harvest was rushed to completion in order that foodstuffs might be carried further to the interior. However, the season was unduly late, and while attempts were made to transport as much as was humanly possible into safer areas, we are told by Dr. L. Volin, of the U. S. Department of Agriculture, that it was not possible to get all of the wheat away from the battlefront. He stated that Russia had gathered her southern wheat crop but was unable to move it. Therefore, the "scorched earth" policy was adopted, destroying a good part of the harvest. This, of course, prevented the Germans from getting the supplies, but at the same time it may mean a shortage for Russia later on. The poor rail transport and the same difficulties which are now confronting Germany in that country were apparently difficult to overcome, and if the sea lanes are cleared sufficiently to permit transportation, we may yet find a much broader demand for either Canadian or United States wheat from the Pacific.

There was very little wheat news this morning, although Mr. Henderson and some congressional leaders are now reported in agreement that ceiling prices for oils, lard, and soybeans may be liberalized to some extent. Thus, higher prices may result for those specific commodities, but it has very little application to grains, and for the moment we must bear in mind that the winter wheat crop is generally in favorable condition in Western and Southwestern portions of the belt, with luxuriant growth affording much pasturage. Weather is extremely mild for the time of year, and hardly any complaints have come to hand. Then, also, the CCC plan, which was announced the middle of December, to sell the government-pooled wheat at prices somewhat over the present market, could finally bring a good deal of grain back into commercial channels, and this is responsible for keeping speculation at low ebb.

Saturday's trade in the wheat pit amounted to only 3 1/2 million bu, which is almost a catastrophe for the world's largest grain market, and indicates the generally discouraged feeling.

Primaries were quite large, at 1,307,000 bu compared with 1,146,000 bu last week, and only 448,000 bu last year. When the visible supply of wheat was posted, it showed a decrease of less than 1 1/2 million bu, with total stocks in all positions amounting to 219 million bu. This is about 69 million bu more than was on hand in 1940. Chicago stocks decreased 126,000 bu, leaving 16 million bu of wheat in this market.

Prices were fairly firm early in the day, but it took only nominal selling to erase fractional gains, and with buyers apparently just as disinterested as sellers, the market is in a rut, with new incentives necessary to give us any activity. Final prices were 3/8¢ per bu lower for the May future, while July wheat was down 1/4¢.

It was the last day for trading in December contracts. The December corn future was weak and influenced the deferred months, leading them to a slightly lower closing.

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CHICAGO MERCANTILE EX.

CHICAGO December 23, 1941.

While momentous events are taking place in the world today, little effect is felt in grain markets, for the reason that everything is abnormal. We still maintain that, having raised the third largest wheat crop on record, and with the tremendous carryover, prices in this country would probably be selling close to the Winnipeg level except for the fact that about half a billion bu has been impounded. Therefore, the market is definitely on stilts, and may remain in that condition as long as the government funds are available for that purpose. This, of course, all on the theory that conditions do not get out of control, as even governments at times have been vulnerable when situations have become topheavy.

The civilized world regards Prime Minister Churchill's visit to America as extremely constructive, because anything that can unify command and efficiency toward a solid purpose should finally bring victory to our cause. Just what the Germans have in mind by removing the first and second ranking officers in command of Russian affairs, remains a question. Some believe that Hitler has abandoned his hopes for conquest in Russia; others feeling that he may use methods at the front which a more orthodox commander might regard as too costly. But whatever the reasons have been, the fact remains that the losses both in manpower and equipment have been tremendous.

Another year is gradually drawing to a close. 1941 will go down in history as unusually favorable for crop production, and the main reason for this may be attributed to the above-normal rainfall in the western half of the country. During the period 1930-39, we had just the reverse situation, insofar as weather was concerned, and the country was suffering from limited rainfall; therefore, we believe stronger than ever in our conviction that moisture is still the paramount issue. Possibly once every twenty years, rust makes its appearance and accounts for real damage, but the minor ills, such as insect damage, etc., are very much like mumps and measles with children in that they are hardly ever fatal. Wheat averaged 16.9 bu per acre and was the only important crop that set a new high record of yield this year, although other grains also did well. Considering that there has been ample moisture during the fall months and is continuing now at a time when soil is still receptive, we may look ahead with a fair degree of optimism toward the 1942 results. Illinois is the one State where acreage reduction is particularly heavy, plantings having been cut 32% under the ten-year average. AAA allotments were partially responsible, but possibly the unprecedentedly wet fall interfered with field work.

Primary receipts were quite large at 923,000 bu compared with 944,000 bu last week, and 319,000 bu last year.

There was very little feature to the market. When the May delivery dropped to $1.25, there seemed to be better support, but buying was not particularly aggressive, and it seems that the trade in general has become discouraged, with a ceiling over the market, at which price the government is willing to sell its holdings. This, of course, is a factor that did not have to be contended with in times past, but everything is changed now on account of the war, and apparently inflation is to be avoided if it is at all possible. On the other hand, more wheat keeps going into the loan, and there is no pressure. This makes the market a very uninteresting affair. At the last, May wheat was 1/8¢ per bu higher, while the July wheat was unchanged.

Corn was rather listless; the primary movement was fairly good, but there seems to be little chance of building up large reserve stocks of free corn. Therefore, we feel that anybody who buys on breaks has the advantage.

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December 24, 1941

There are so many uncertaintities in the grain trade that forecasts are unusually difficult. In addition to political factors, which change almost daily, we have an entirely different situation from the normal under a more or less planned economic setup for the farmer.

The average sown acreage in winter wheat was almost 48 million acres between 1931 and 1941, and at the peak in 1937 farmers planted nearly 58 million acres. However, the average production during these years amounted to only 571 million bu, and now the government forecasts that we may produce a crop next summer of 630 million bu, with less than 40 million acres actually seeded. There are several reasons for expecting high yields. First, the farmer is using only his best land and keeping the poorer fields out of production, as naturally this is the only sensible way of handling his affairs so long as he receives a bounty for planting fewer acres, and there are no restrictions on the type of land he may use. Other factors enter into the picture. The prospective abandonment may be extremely light; in fact, the estimate is that only 6% of the crop will be winter killed. It is too early to have definite opinions and much may happen with the winter months still ahead with alternating thawing and freezing, and the many other vicissitudes which may take a heavier toll. Nevertheless, the crop has entered the ground in wonderful shape, and fall moisture was all that could be expected. Therefore, it is a safe prediction to say that we shall not have anything like the heavy abandonment which took place in 1932 and in 1934, which were drought years, when about 30% of the planted acreage was not left standing for harvest. This being the case, 1942 may rank high in production as compared with other years, despite the fact that the smallest sown acreage in the past ten years was 43,371,000 acres, in 1932. In that year we raised only 491 million bu of wheat. The succeeding three years were also marked by crop failures and little relief in the moisture situation occurred. However, Nature seems to be provident, and we would say, despite pessimistic predictions which were made at that time that we might be entering a new era, the future of the West is as bright now as it has ever been.

Later on we may count on a spring wheat crop of possibly 175 million bu, which if actually secured will give us a total crop considerably in excess of our domestic consumption. In the meantime, the export demand from this country is very poor, and there seems to be little prospect of improvement during the early months of 1942 unless we ship larger quantities of wheat to Russia.

The most important market influence still is the large quantity of wheat impounded under Federal loans from the current crop - about 336 1/2 million bu has been taken from commercial channels, so that with an additional 170 million bu from the previous crops, there is more than a half billion bu now frozen. Of course, advancing prices would return at least a part of this grain for consumptive uses, but at the present level of prices redemptions are not taking place.

There are some other sentimental factors which may have a bearing upon the wheat market, such as the raising of ceilings imposed on fats and oils, and a revision of schedules is expected soon, so that maximum prices for cottonseed oil, lard, etc., may conform to the October 1st level of prices, or somewhat higher.

WE WISH YOU ALL A VERY MERRY CHRISTMAS

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CHICAGO December 26, 1941.

The war news over the Christmas holiday was pretty much balanced, with highly encouraging reports coming from Russia and Libya, but somewhat offset by the fall of Hongkong, and some apprehension over the Philippines. Actual grain news hardly changes from day to day, or even from week to week, as everything is pretty well known, except that policies at Washington are uncertain, and their program is subject to change without notice.

From a statistical point of view, we can hardly expect much improvement in this country, owing to the fact that 25 weeks of the crop movement has passed, and our total exports of wheat and flour amount to only 12 million bu. Unless there is some betterment during the latter half of the year, this will be one of our worst seasons from a shipping point of view. Consequently, we shall end up with a carryover almost three times the size of a normal one. Despite a very small winter wheat acreage sown this fall (in fact, the smallest in many years) the forecast is for a crop of 631 million bu compared with 565 million bu, which is the average for the past ten years, and 671 million bu last year, which happened to be a rather unusual season owing to the fine moisture condition. Again this coming year, we may attribute the fine outlook to the good rainfall. The detailed government report, which was released December 19th, shows that the four important southwestern states, consisting of Nebraska, Kansas, Texas, and Oklahoma, may raise 316 million bu of wheat in 1942 compared with 283 million bu during the present season, split up as follows:

(000 omitted)

	1941	Indicated 1942
Nebraska	34,426 bu	49,810 bu
Kansas	173,092	160,680
Texas	27,186	50,456
Oklahoma	48,610	55,588

The rest of the winter wheat belt has a somewhat poorer outlook, but yet the final result might be very good, and if we should finally harvest a spring wheat crop of, say 175 million bu, there might be a total supply next summer of some 75 million bu more than was on hand in 1941, thus establishing another new high record.

Reports from Southern Hemisphere generally have a bearing upon the market, but everything is so unusual now that the trade has forgotten all about the Argentine and Australian surpluses. Australia should produce about 166 million bu compared with last year's crop failure of less than 83 million bu, and average yields of about 154 million bu. Therefore, with little chance of shipping much to the Orient, we may finally find supplies piling up. The same is true in the Argentine, where there is a carryover of about 110 million bu, and now harvesting is taking place, with the present crop tentatively estimated at about 220 million bu. Thus, a total of 330 million bu, with domestic requirements not to exceed 100 million bu, leaving a large quantity for export. Neighboring countries may take as much as 40 million bu, but the balance will undoubtedly find a very poor market, and lack of elevator space for bulk storage is creating a problem. So, it is apparent that all the surplus countries are bound to build up tremendous reserves. This also refers to Canada where at the present time there is a balance left for export and next carryover of 575 million bu, indicating that by next August, when another crop is available, she also will have very big stocks on hand.

Primary receipts were 958,000 bu compared with 806,000 bu last week, and 225,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 11,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 1,473,000 bu.

The market remains absolutely featureless, and fluctuations were within an extremely narrow range. At the close, both May and July wheat were 1/8¢ per bu lower.

Inactivity also extended to the corn pit, where trading was more or less of a nominal character.

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CHICAGO December 29, 1941.

There was nothing new in the grain situation over the weekend, but sentiment remains moderately friendly in all pits, owing to the fact that there is no pressure and receipts remain very moderate for the time of year. In corn, there are no accumulations taking place, as is generally the case during December and January. Therefore, ordinary stocks cannot be built up at terminal markets, and this may have its effect upon the price level later on. However, we heard today that the government had sold a very large quantity of cash corn to one of the industrial users a few days ago. Thus, it will be seen that the whole situation is extremely artificial.

Only small lots of loan wheat have been redeemed during the past week, and apparently there is not sufficient inducement yet for farmers to pay off their federal obligations. Furthermore, they have until end of April to make up their minds whether they will default or whether they will redeem.

Meanwhile, weather seems satisfactory over all sections. Freezing temperatures have been experienced in the Central States, while zero weather obtained Sunday over northwestern areas, with precipitation negligible. This has been one of the warmest Decembers on record, taking the grain belt as a whole, but no complaints are heard --in fact, the condition of winter wheat as of December 1st was 87% of normal, which is unusually high. As the government points out, a year ago it was 84%, which had been the highest since December 1930, when the condition stood at 86%. One cannot be too optimistic in spite of this fact, as the sown acreage is 14% less than that of 1940, and 18% below average. Consequently, if anything should go wrong either during the winter months or later in spring, there is still an opportunity for a smaller crop than the 630 million bu which was forecast officially. Furthermore, it must be borne in mind that the predicted yield per bushel is 16, which, if attained, would be the highest bushels per seeded acre since 1931. The yield indicated by condition and weather factors last year was 14.7, while the average is only 11.8 bu per acre.

World's grain shipments, which in ordinary times were a market factor every Monday morning, are almost being ignored, but the amount placed afloat was 4 1/4 million bu, or practically the same as last year, but yet a reduction of 1 3/4 million from last week. The largest part is being shipped from North America, and this will probably continue even though Southern Hemisphere crops are now being harvested. Their inability to get proper shipping facilities to Britain, together with the falling off in the Oriental business, is responsible for this situation.

It was thought that a new schedule of oil prices might have been announced today by the OPA, in trying to determine the proper relationship for 1800 different products under the category of fats and oils. This did not occur, but it is generally regarded as more than likely that some announcement will be forthcoming within the next few days.

Russian demand for wheat is not a factor but may become more important next year, as undoubtedly a heavy reduction in acreage was necessary, particularly in the Ukraine because of German occupation.

Primaries were small at 527,000 bu compared with 1,307,000 bu last week, and 362,000 bu last year. When the visible supply was posted it showed an increase of 281,000 bu, which is rather unusual during the winter months. Total stocks in all positions amount to 219 1/2 million bu, or nearly 71 million bu more than a year ago. At Chicago there was a slight decrease, with practically 16 million bu still at this market.

Trade was dull, but there was a firm undertone. Hardly any spreading is taking place, and the trade is awaiting further developments.

Corn, as well as other cereals, was fractionally higher, With the pig population increasing, there should finally be tremendous feeding operations, and this is one of the main inducements to bullish operators. The visible supply decreased 1 1/4 million bu, and is 20 million bu smaller than in 1940.

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CHICAGO MERCANTILE EX.

CHICAGO December 30, 1941.

During the past year it has been rather difficult to obtain much information from European countries in regard to crop news or other developments that ordinarily are of intense interest to the grain trade. Censorship has naturally been an important factor, and in Australia, for instance, they did not even give out the quantity of wheat shipped each week, as it often takes four or five weeks for the grain to reach its destination; therefore, if the enemy had known in advance how much grain had been placed afloat, it might have been subjected to bombing. At later periods, we sometimes learned what the shipments had amounted to over a period of time, and this aided us in reaching conclusions with regard to total world shipments, which was helpful. We also received considerable information from the U. S. Department of Agriculture, and their advices on foreign crops and markets were extremely useful, but they have just announced that public circulation of these documents will now be discontinued. Information that may be released without giving aid or comfort to the enemy will be distributed in special circulars and press releases until further notice. We shall also rely on Broomhall's advices, but for a time at least there will be more guesswork than usual. However, this is not too serious since our markets are guided almost entirely by the artificial stimuli that have come into play through the high loans in this country, which have tied up over half a billion bu of wheat in the past few years.

It is quite likely that the CCC may announce a new asking price for its wheat holdings tomorrow, and the chances are that this may be raised somewhat above the level which was to prevail until December 31st of this year. The price so far has been considerably above the market, and, therefore, was hardly a factor, except that it had lent encouragement to farmers who might otherwise have sold their grain and paid off their federal obligations. It is quite possible that the government will give the producers a free rein within certain limitations and not try to compete with them in the event that redemptions might take place within a range of prices not too far from present levels. Of course, much will ultimately depend upon whether or not we have a price control bill, and whether it will have some application to agricultural products. The Farm Bloc is still strong and may demand freedom from new legislation on the theory that the AAA is pretty much in control of the situation. In other words, they could argue that prices might not advance unduly, so long as government holdings could always be disposed of at extreme limits, and that, therefore, the Department of Agriculture is fully qualified to handle its affairs without the Control Bill.

Primary receipts were only moderate, at 536,000 bu compared with 923,000 bu last week, and 443,000 bu last year. Even with the lighter receipts, stocks of wheat at Kansas City and Minneapolis show a net increase of 50,000 bu; it is rather common for milling demand at this time of the year to be slow, just prior to inventory. Nevertheless, the calendar period for making purchases is soon drawing to an end, and very often January 10th is the time when a bear market sets in. We doubt, however, whether we shall follow the usual pattern in this regard, as everything else is so different.

With fractional declines in corn, early gains in wheat were erased.

Corn trade was very light, although we note that yesterday the volume was almost as large as in wheat. The chances are that hedging operations were largely responsible, as speculative trade is rather small, and may remain so until there are new incentives.

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